President
of the Treasury Board

Président
du Conseil du Trésor

Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada

1983-84

June 1985

Canada

Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada 1983-84

Cat. No. BT 33-4/2-1984E

ISBN 0-662-14106-7

INTRODUCTION

The new Part XII of the *Financial Administration Act* (FAA) provides that an annual consolidated report on the businesses and activities of all parent Crown corporations be tabled in Parliament by the President of the Treasury Board. Such Annual Reports must be tabled not later than December 31 of each year and must cover the financial years ending on or before the previous July 31. As the legislation was proclaimed on September 1, 1984, the Act provides that, in this first transitional year, the Annual Report be tabled before June 30, 1985. This Annual Report, therefore, contains financial information which relates essentially to 1983-84 activities. The next Report will be published before December 31, 1985 and will contain audited financial statements for 1984-85.

The financial and employment data relate to 50 parent Crown corporations, including three which were added to Schedule C of the FAA late in the report period, but which had not then commenced independent operations. Although the legislation exempts another seven Crown corporations* from the requirements to which the Report responds, it seems appropriate that this Annual Report should be the document of record on Crown corporations. Therefore, included here are the audited financial statements of these seven exempted Crown corporations.

Finally, to avoid duplication, this Annual Report will replace the Treasury Board publication *Crown Corporations and Other Canadian Government Corporate Interests.*

Overview

As of July 31, 1984, the 50 parent Crown corporations listed in Schedule C on which I must report, together with their subsidiaries, employed 194,000 persons and had total assets of $49.0 billion.

Seventy-eight per cent of this employment was in the corporations which are engaged in transport and communications. Of the total assets, 41 per cent was in the federal lending corporations, while another 27 per cent was assets of the transport and communications corporations. While these numbers provide a yardstick, aggregate statistics do not convey a clear picture of the government's holdings. That is, employment in the 50 Crown corporations was only 2 per cent of national employment and the assets of the non-financial corporations comprised less than 5 per cent of the assets of the non-financial Canadian enterprises.

Highlights Since Proclamation

A major challenge over the past months has been the implementation of the legislative and regulatory requirements of Bill C-24. Under the new framework, budgets and corporate plans are forwarded for consideration and for approval by the Treasury Board and the Governor in Council before the beginning of a corporation's financial year. I am pleased to report that, to date, 100 per cent compliance has been achieved.

In addition to ensuring the fulfilment of statutory requirements, the government has initiated mandate reviews in a number of Crown corporations. In the transportation area, for example, the Minister of Transport recently announced the delineation of responsibilities between the Canada Ports Corporation and the local port corporations to reconcile the dual objectives of protecting the national interest while enhancing local operating autonomy. In another area, the government's recent appointments to senior management positions in Canadian National Railways are central to a major reorganization of the management structure of the corporation. These actions are intended to strengthen decision-making authority in Western Canada and to enable the corporation to better focus on its primary mandate — transportation. In addition, the government will soon be introducing legislation which will define the role and responsibilities of VIA Rail.

In the area of financial institutions, the government's Export Financing Consultation Paper presents options for increasing the responsiveness of the Export Development Corporation and for enhancing private sector involvement in export insurance and long-term export financing. With respect to the Canadian Commercial Corporation (CCC), this same Paper introduces the possibility of the CCC operating on a cost recovery basis and examines the most appropriate organizational form for this corporation. Finally, options for the future role and mandate of the Federal Business Development Bank are being examined as part of the government's review of business assistance.

* Bank of Canada, Canada Council, Canadian Broadcasting Corporation, Canadian Film Development Corporation, Canadian Wheat Board, International Development Research Centre and the National Arts Centre Corporation.

Crown Corporations and Employment Equity

On March 8, 1985, the federal government announced additional initiatives within the Affirmative Action Program geared to accelerating the attainment of an equitable workforce, representative of and responsive to all Canadians. Among major strategies introduced was the implementation in Crown corporations, by September 1985, of an Employment Equity Program for women, native people, persons with disabilities and visible minorities. The objectives are similar to those already operational within the Public Service — that is the identification and removal of barriers in employment systems and practices which have historically excluded target groups from those employment opportunities routinely available to non-target groups; the implementation of neutral and special measures to redress the effects of past discrimination; and the promotion of a workforce in which target groups are equitably represented. Crown corporations will be required to undertake substantial workforce and employment systems analyses, establish objectives, develop and present action plans by September 1986, to the Treasury Board, and submit annual status reports and plans thereafter.

Crown Corporations and Official Languages

Crown corporations have been subject to the provisions of the *Official Languages Act* since its passage in 1969. While progress was relatively slow in the years immediately following the Act coming into force, by 1977 Treasury Board had become actively involved in helping Crown corporations implement the government's official languages objectives. Substantial progress has been made, and work is continuing with individual corporations to remedy identified deficiencies.

The advent of the Canadian Charter of Rights and Freedoms in April 1982 now provides an enforceable basis for Canadians to communicate with and to receive services from federal institutions, including Crown corporations, in the official language of their choice. The September 1984 promulgation of the revisions to the *Financial Administration Act* also had the effect of bringing federally-incorporated wholly-owned subsidiaries of Crown corporations under the *Official Languages Act*. It is the government's intention to work with Crown corporations so that the appropriate provisions of the Canadian Charter of Rights and Freedoms and the *Official Languages Act* is applied by such subsidiaries to the fullest extent possible, taking into account their diverse mandates, operations and geographic locations.

Crown Corporations and the Future

The government's intention to improve the management and performance of its Crown corporations has been emphasized both in its November 1984 Economic Statement and again in the recent Budget. Privatization is one of the methods for achieving these goals.

The approach to streamlining the government's corporate holdings will be based on a presumption which favours selling the government's commercial corporate interests. Only those holdings which are clearly justified for public policy reasons will be retained; activities which more properly belong in the private sector will be transferred there.

The government will proceed in a sound, coordinated, business-like fashion. To ensure this, a special Ministerial Task Force (which I chair) has been created. Other members include the Minister of Energy, Mines and Resources, the Minister of Regional Industrial Expansion and the Minister of State (Finance). Our goal is to develop a comprehensive privatization action plan. A list of corporations which are recommended as candidates for privatization has been identified, and plans for the divestiture of each will be prepared.

Privatization will have a number of benefits. It will reduce the size of government in the economy and make room for private sector initiatives; it will improve market efficiency and the allocation of resources; it will improve firm efficiency through market discipline and by reducing political and bureaucratic impediments; and it will encourage, in certain cases, investment by Canadians through the direct participation in the ownership of major national corporations which they have supported as taxpayers.

Fiscal benefits have often been cited as a primary reason for privatizing Crown corporations. Sale proceeds, which could be substantial, will serve to reduce the government's borrowing requirements. This, in turn, will reduce debt service charges that otherwise would apply, thereby causing an indirect decline in the deficit. Privatization will lead to a direct reduction in the budgetary deficit only if the sale proceeds exceed the value of the government's investment as recorded in the Accounts of Canada. While reducing the government deficit is a high priority, in most cases the direct budgetary impact of divestitures of Crown corporations is expected to be modest.

The government is also making progress in winding up corporations that no longer serve public policy purposes or that are inactive. Legislation has been introduced to wind up the Canadian Sports Pool Corporation, Loto Canada Inc., and Canagrex. Also, where the corporate mode of operation is inappropriate, the government plans for certain corporations to become part of the Public Service. For example, the Canada Museums Construction Corporation has recently been folded into the Department of Public Works and wind-up proceedings are under way.

Over the next few months it is my intention, along with my colleagues, to scrutinize the mandate, operations and role of Crown corporations to determine whether their continued existence as Crown corporations can be justified and, if not, to determine the optimal method for divestiture or reorganization.

In my next Annual Report which will be tabled in the fall, I look forward to describing for Parliament the progress made in achieving these goals.

Robert R. de Cotret

Robert R. de Cotret

TABLE OF CONTENTS

PART I

ANNUAL CONSOLIDATED REPORT
ON THE BUSINESSES AND ACTIVITIES
OF ALL PARENT CROWN CORPORATIONS

INTRODUCTION TO PART I

Part I of the Annual Report is a document of record on the financial affairs of parent Crown corporations. The aggregate financial and employment data for the Crown corporations which are listed in Schedule C of the *Financial Administration Act* are contained in Tables 1 and 2. These aggregate data relate to the 50 corporations which were listed in the Schedule on December 31, 1984 and show the total of assets as $49,010 million, employment as 193,574 and new net borrowing from all sources as $1,902 million.

The audited financial statements (except where special circumstances have prevented this) for each of the 50 scheduled corporations are also contained in this Part. These audited financial statements are preceded by a Summary Page of corporate information including a financial summary covering several years' performance. The audited financial statements of the seven Crown corporations exempted from the provisions of Part XII of the *Financial Administration Act* are also contained in this Part. However, Summary Pages for these exempted corporations have not been included.

The important contribution of staff of the Department of Supply and Services in the work of assembling much of the data in this Part of the Annual Report is gratefully acknowledged.

Tables 1 and 2, which follow, respond to the requirement in the *Financial Administration Act* (FAA) that financial data including employment and aggregate borrowing by corporations be reported. The data for individual corporations are "for their financial years ending on or before July 31, 1984", and the total of these data, therefore, do not relate to a single 12-month period. Further, the financial period reported by some corporations was not a 12-month period: two local port corporations began operations six months before their financial year-end, and Canada Development Investment Corporation changed its financial year-end date during the report period, as a result of which its statements relate only to a nine-month period.

The FAA provides that "consolidated" and "aggregate" information shall be reported. However, the report period had closed before those provisions came into effect with the proclamation of the legislation on September 1, 1984 and the related published statements of some corporations were not consolidated. Rather, these corporations, Canada Lands Company Limited, The St. Lawrence Seaway Authority and Petro-Canada, published separately the financial statements of subsidiaries. For such corporations, the data in Tables 1 and 2 are combined data, obtained by assembling employment and financial information of the parent and its subsidiaries.

Table 1

The financial position of Parent Crown corporations, listed in Schedule C of the FAA
(Data as at year-end; for financial years ending on or before July 31, 1984)

FAA Schedule	Year end	Total Assets	Current Liabilities ($Millions)	Other Liabilities	Shareholder's Equity
C-1 corporations:					
Atlantic Pilotage Authority	December 31	1.9	0.7	1.2	negl.
Atomic Energy of Canada Limited	March 31	1,285.3	328.9	813.1	143.3
Canada Deposit Insurance Corporation*	December 31	1,156.5	837.1	651.5	(332.1)
Canada Harbour Place Corporation	March 31	34.8	6.4	nil	28.4
Canada Lands Company Limited	March 31	17.6	17.6	nil	nil
Canada Mortgage and Housing Corporation	December 31	10,498.8	232.2	10,216.6	50.0
Canada Museums Construction Corporation Inc.	March 31	15.5	2.1	nil	13.4
Canada Post Corporation	March 31	2,403.5	424.5	333.5	1,645.5
Canadian Arsenals Limited	March 31	88.9	38.6	6.4	43.9
Canadian Commercial Corporation	March 31	382.5	350.1	nil	32.4
Canadian Dairy Commission	July 31	304.0	317.6	nil	(13.6)
Canadian Livestock Feed Board	March 31	2.4	2.0	nil	0.4
Canadian National (West Indies) Steamships Limited	December 31	0.9	0.3	negl.	0.6
Canadian Patents and Development Limited	March 31	1.7	0.6	0.2	0.9
Canadian Saltfish Corporation	March 31	18.3	16.8	1.1	0.4
Canadian Sports Pool Corporation	March 31	11.3	11.3	nil	nil
Canagrex	March 31	0.3	0.1	nil	0.2
Cape Breton Development Corporation	March 31	360.0	53.9	negl.	306.1
Defence Construction (1951) Limited	March 31	1.0	1.4	2.8	(3.2)
Export Development Corporation	December 31	6,063.0	2,229.0	3,064.9	769.1
Farm Credit Corporation	March 31	4,901.2	354.4	4,415.9	130.9
Federal Business Development Bank	March 31	1,615.9	530.2	885.9	199.8
Freshwater Fish Marketing Corporation	April 30	19.5	14.6	3.6	1.3
Great Lakes Pilotage Authority, Ltd.	December 31	3.9	2.7	3.1	(1.9)
Harbourfront Corporation	March 31	9.8	5.1	4.2	0.5
Laurentian Pilotage Authority	December 31	5.2	4.3	0.6	0.3
Loto Canada Inc.	March 31	15.4	15.4	nil	negl.
Mingan Associates Ltd.	December 31	negl.	negl.	negl.	negl.
National Capital Commission	March 31	411.6	31.6	35.5	344.5
Northern Canada Power Commission	March 31	270.4	20.7	240.8	8.9
Pacific Pilotage Authority	December 31	4.5	1.4	0.6	2.5
Royal Canadian Mint	December 31	73.1	59.3	12.8	1.0

St. Anthony Fisheries Limited	March 31	1.5	1.4	nil	0.1
St. Lawrence Seaway Authority, The*	March 31	696.3	12.7	334.0	349.6
Societa a responsibilita limitata Immobiliare San Sebastiano	December 31	0.1	negl.	nil	0.1
Standards Council of Canada	March 31	4.0	0.4	0.2	3.4
Uranium Canada, Limited	December 31	negl.	nil	nil	negl.
VIA Rail Canada Inc.	December 31	652.4	115.8	5.0	531.6
Total C-1 corporations		31,333.0	6,041.2	21,033.5	4,258.3
C-11 corporations:					
Air Canada	December 31	2,190.6	500.5	1,204.0	486.1
Canada Development Investment Corporation	December 31	(1,040.6)	1.8	nil	(1,042.4)
Canada Ports Corporation	December 31	445.8	21.2	238.7	185.9
Canadian National Railway Company	December 31	6,789.8	1,067.2	2,610.0	3,112.6
Halifax Port Corporation	December 31	a division of Canada Ports Corporation in the period			
Montreal Port Corporation	December 31	213.6	17.6	244.9	(48.9)
Northern Transportation Company Limited	December 31	76.0	8.0	31.5	36.5
Petro-Canada*	December 31	8,275.2	829.7	3,438.4	4,007.1
Port of Quebec Corporation	December 31	a division of Canada Ports Corporation in the period			
Prince Rupert Port Corporation	December 31	a division of Canada Ports Corporation in the period			
Teleglobe Canada	March 31	520.0	83.8	110.5	325.7
Vancouver Port Corporation	December 31	206.3	15.1	109.4	81.8
Total C-11 corporations		17,676.7	2,544.9	7,987.4	7,144.4
Total Schedule C corporations		49,009.7	8,586.1	29,020.9	11,402.7

*See Notes, following these tables.

Table 2

Parent Crown Corporations listed in Schedule C of the FAA

Employment, Borrowing and Budgetary Funding
(for their financial years ending on or before July 31, 1984)

FAA Schedule	Year end	Employment	In their financial years Net new borrowings, leases from (repaid to) private sector	from (repaid to) Canada ($ million)	Budgetary funding from Canada
C-1 corporations:					
Atlantic Pilotage Authority	December 31	83	nil	(0.1)	nil
Atomic Energy of Canada Limited	March 31	6,978	(7.9)	(36.9)	336.3
Canada Deposit Insurance Corporation	December 31	12	805.3	30.0	nil
Canada Harbour Place Corporation	March 31	12	nil	nil	20.9
Canada Lands Company Limited*	March 31	90	nil	nil	56.4
Canada Mortgage and Housing Corporation	December 31	3,800	nil	(26.1)	1,829.4
Canada Museums Construction Corporation Inc.	March 31	27	nil	nil	10.8
Canada Post Corporation	March 31	62,000	nil	nil	536.0
Canadian Arsenals Limited	March 31	679	1.5	nil	nil
Canadian Commercial Corporation	March 31	26	nil	nil	17.2
Canadian Dairy Commission	July 31	71	nil	(51.4)	303.5
Canadian Livestock Feed Board	March 31	23	nil	nil	16.7
Canadian National (West Indies) Steamships Limited	December 31	nil	nil	nil	nil
Canadian Patents and Development Limited	March 31	25	nil	nil	0.4
Canadian Saltfish Corporation	March 31	54	nil	5.7	nil
Canadian Sports Pool Corporation	March 31	98	nil	nil	10.5
Canagrex	March 31	10	nil	nil	0.7
Cape Breton Development Corporation	March 31	4,930	nil	11.4	110.2
Defence Construction (1951) Limited	March 31	304	nil	nil	12.9
Export Development Corporation	December 31	610	667.2	(72.0)	nil
Farm Credit Corporation	March 31	614	250.6	354.3	nil
Federal Business Development Bank	March 31	1,587	(82.8)	(172.0)	81.2
Freshwater Fish Marketing Corporation	April 30	410	nil	(8.3)	nil
Great Lakes Pilotage Authority, Ltd.	December 31	148	nil	nil	0.2
Harbourfront Corporation	March 31	120	nil	nil	14.0
Laurentian Pilotage Authority	December 31	311	0.1	nil	1.0
Loto Canada Inc.	March 31	nil	nil	nil	nil
Mingan Associates Ltd.	December 31	nil	nil	nil	nil
National Capital Commission	March 31	854	nil	negl.	86.6
Northern Canada Power Commission	March 31	337	nil	17.2	negl.

Pacific Pilotage Authority	December 31	152	(0.3)	nil	nil
Royal Canadian Mint	December 31	657	0.8	(2.1)	nil
St. Anthony Fisheries Limited	March 31	nil	nil	nil	nil
St. Lawrence Seaway Authority, The	March 31	1,172	nil	nil	6.4
Societa a responsibilita limitata Immobiliare San Sebastiano	December 31	nil	nil	nil	nil
Standards Council of Canada	March 31	75	nil	nil	6.0
Uranium Canada, Limited	December 31	nil	nil	nil	nil
VIA Rail Canada Inc.	December 31	3,474	nil	(11.0)	597.6
Total C-1 corporations		89,743	1,631.5	38.7	4,054.9
C-11 corporations:					
Air Canada	December 31	21,584	217.8	(16.8)	nil
Canada Development Investment Corporation*	December 31	8,430	192.7	nil	300.0
Canada Ports Corporation*	December 31	733	(1.2)	(340.3)	23.8
Canadian National Railway Company	December 31	63,496	44.1	(7.4)	175.0
Halifax Port Corporation	December 31	a division of Canada Ports Corporation in the period			
Montreal Port Corporation	December 31	725	nil	239.5	nil
Northern Transportation Company Limited	December 31	669	0.6	(3.2)	0.6
Petro-Canada	December 31	6,601	(219.7)	nil	46.1
Port of Quebec Corporation	December 31	a division of Canada Ports Corporation in the period			
Prince Rupert Port Corporation	December 31	a division of Canada Ports Corporation in the period			
Teleglobe Canada	March 31	1,356	20.5	(3.3)	nil
Vancouver Port Corporation	December 31	237	nil	108.5	nil
Total C-11 corporations		103,831	254.8	(23.0)	545.5
TOTAL Schedule C corporations		193,574	1,886.3	15.7	4,600.4

*See Notes, following these tables.

Notes to the Tables

Year-end dates: December year-ends relate to 1983 and other year-end dates, relate to 1984.

Employment data: Parent corporations typically report their employment data as a total of the parent company's and all subsidiaries' employment. However, particular complexity in some corporations' affairs makes it necessary to note the scope of their employment data, as follows:

Canada Lands Company Limited data include employment in its Montreal, Quebec and Mirabel subsidiaries;

Canada Ports Corporation data include employment in all federal ports except Montreal and Vancouver;

Canada Development Investment Corporation data comprises employment in Eldorado Nuclear Limited, in Canadair Limited, in de Havilland Aircraft of Canada Limited and that in the parent corporation.

Balance sheet: New borrowings and funding data typically are consolidated data reported by the parent corporation. In some cases special circumstances of a subsidiary excluded such consolidation of its data and combination of the separate data has been effected for these tables, as follows:

St. Lawrence Seaway Authority data include data of Jacques Cartier and Champlain Bridges Incorporated and those of Seaway International Bridge Incorporated;

Petro-Canada data include those of Canertech Inc. and Petro-Canada International Assistance Corporation.

Finally, the Equity value for Canada Deposit Insurance Corporation in these Tables takes account of the position of its Deposit Insurance Fund.

4.1

SUMMARY PAGES AND THE AUDITED FINANCIAL STATEMENTS
FOR EACH PARENT CROWN CORPORATION

A Summary Page precedes the audited financial statements of each of the parent Crown corporations for the report period.

Each Summary Page presents basic information about a corporation's mandate, origins and present status and names the senior officers as of May 17, 1985. As well, a financial summary includes such information as obligations (which comprise loan principal outstanding and other funding to be repaid, plus capital leases) and details of the cash provided to the corporation by Canada. The non-budgetary amounts displayed in the financial summary include equity infusions as well as loan funding. For corporations whose fiscal year is the calendar year, the data series extends to the financial year subsequent to that of the report period.

As these summary data are from the annual reports of Crown corporations, they may conflict with some of the data in Table 2. That can happen, for example, where an obligation (and related asset) was not on the balance sheet of the corporation and the obligation is extinguished in the report period. Further differences between Tables 1 and 2 and the financial summaries can arise when restated financial statements have been published by a corporation. Wherever possible, restated data for the report period are shown in the Summary Page.

Bracketed values ( ) denote: for assets or equity, a deficit; for "cash from Canada" denote a net payment to the Consolidated Revenue Fund.

SUMMARY PAGE

AIR CANADA

MANDATE:

To provide a publicly owned air transportation service, with powers to carry out other businesses incidental to the airline operation, having due regard to sound business principles and, in particular, the contemplation of profit.

BACKGROUND:

The corporation's operation began in 1937. Until 1978 it was a subsidiary of CN. Today it operates 112 jet aircraft, has 21,800 employees and its operations comprise 60 percent of Canadian revenue-passenger air miles flown. No federal funds have been invested in Air Canada since the conversion to equity in 1978 of $324 million of its debt obligations to Canada.

CORPORATION DATA:

HEAD OFFICE:	500 Dorchester Boulevard West Montreal, Quebec H2Z 1X5
STATUS:	— Schedule C, Part II — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	*Trans Canada Airlines Act*, 1937; repealed and replaced by *Air Canada Act, 1977* (SC 1977-78, Chap. 5).
CHIEF EXECUTIVE OFFICER:	Pierre J. Jeanniot
CHAIRMAN:	Claude I. Taylor
AUDITOR:	Clarkson Gordon

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	2,513	2,191	2,041	1,870
Obligations to the private sector	1,087	846	629	431
Obligations to Canada	228	246	263	279
Equity of Canada	513	486	482	528
Cash from Canada in the year				
— budgetary	nil	nil	nil	nil
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

AIR CANADA

MANAGEMENT REPORT

The consolidated financial statements contained in this annual report have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements. In support of its responsibility, management maintains a system of internal control to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets. The Corporation has an internal audit department whose functions include reviewing internal controls and their application, on an ongoing basis.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which is composed of directors who are not employees of the Corporation. The Audit Committee meets with management, the internal auditors and the external auditors at least four times each year.

The external auditors, Clarkson Gordon, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit Committee of the Board and meet with it on a regular basis.

CLAUDE I. TAYLOR
President & Chief
Executive Officer

DENIS J. GROOM
Senior Vice President
Finance & Planning

AUDITORS' REPORT

TO THE HONOURABLE
THE MINISTER OF TRANSPORT
AND
TO THE BOARD OF DIRECTORS OF AIR CANADA

We have examined the consolidated balance sheet of Air Canada as at December 31, 1983 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation and the accompanying financial statements are in agreement with the books of account.

CLARKSON GORDON
Chartered Accountants

Montreal, Quebec
February 16, 1984

CONSOLIDATED BALANCE SHEET DECEMBER 31
(in thousands of dollars)

ASSETS	1983	1982
Current		
Cash and short-term investments	45,995	78,365
Accounts receivable	208,567	233,403
Spare parts, materials and supplies	69,619	82,547
Prepaid expenses	6,302	4,457
Deferred income taxes	37,503	33,264
	367,986	432,036
Property and equipment (Note 3)	1,637,830	1,423,908
Flight equipment under capital leases (Note 4)	120,869	135,007
Investment in other companies (Note 5)	46,745	42,288
Long-term receivables and deferred charges	17,137	7,349
	2,190,567	2,040,588

LIABILITIES	1983	1982
Current		
Accounts payable and accrued liabilities	270,505	316,766
Advance ticket sales	146,140	150,516
Current portion of long-term debt and capital lease obligations	83,857	72,192
	500,502	539,474
Long-term debt (Note 6)	873,512	664,017
Long-term obligations under capital leases (Note 7)	135,126	155,392
Other long-term liabilities	12,769	10,682
Deferred credits		
Deferred income taxes	176,356	179,575
Other	6,199	9,139
	1,704,464	1,558,279
SHAREHOLDER'S EQUITY		
Share capital		
Authorized: $750 million divided into shares of one thousand dollars each		
Issued and fully paid: 329,009 shares	329,009	329,009
Retained earnings	157,094	153,300
	486,103	482,309
	2,190,567	2,040,588

See accompanying notes.

On behalf of the Board:

GENO F. FRANCOLINI
Interim Chairman of the Board

CLAUDE I. TAYLOR
President & Chief Executive Officer

AIR CANADA—*Continued*

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Operating revenues		
Passenger	1,844,462	1,860,867
Cargo	254,642	264,600
Contract services and other	199,381	180,428
	2,298,485	2,305,895
Operating expenses		
Salaries, wages and benefits	831,269	842,117
Aircraft fuel	538,490	566,376
Sales commissions	151,796	146,885
Maintenance materials, supplies and services	96,535	115,918
Passenger meals and services	114,225	112,220
Depreciation, amortization and obsolescence	144,377	152,656
Other	393,426	395,555
	2,270,118	2,331,727
Operating income (loss)	28,367	(25,832)
Non-operating income (expense)		
Interest on long-term debt and capital lease obligations	(79,779)	(62,858)
Interest income	9,042	20,398
Interest capitalized	9,835	7,791
Gain on disposal of property and equipment	18,523	24,100
Other	14,764	1,142
	(27,615)	(9,427)
Income (loss) before income taxes and extraordinary item	752	(35,259)
Recovery of deferred income taxes (Note 8)	5,338	19,456
Net income (loss) before extraordinary item	6,090	(15,803)
Extraordinary item (Note 2)	(2,296)	(16,843)
Net income (loss)	3,794	(32,646)
Retained earnings at beginning of year	153,300	199,146
Dividend paid		13,200
Retained earnings at end of year	157,094	153,300

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Funds provided from		
Operations		
Income results	106,498	74,878
Increase (decrease) in trade balances	(21,425)	43,074
	85,073	117,952
Long-term borrowings	282,167	241,327
Proceeds on disposal of property and equipment	20,193	31,969
Decrease (increase) in spare parts, materials and supplies	5,564	(9,905)
Total funds provided	392,997	381,343
Funds used for		
Property and equipment including progress payments	343,780	304,493
Repayment of long-term debt	52,251	51,202
Repayment of capital lease obligations	19,910	19,007
Decrease in advance ticket sales	4,376	11,475
Dividend		13,200
Other	5,050	1,515
Total funds used	425,367	400,892
Decrease in cash and short-term investments	32,370	19,549
Cash and short-term investments at beginning of year	78,365	97,914
Cash and short-term investments at end of year	45,995	78,365

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of Air Canada and its wholly-owned subsidiaries, Touram Inc., and Airline Maintenance Buildings Limited. All inter-company transactions have been eliminated.

(b) Depreciation and amortization

Operating property and equipment, including assets under capital lease are depreciated or amortized to estimated residual values based on the straight-line method over their estimated service lives. Estimated service lives for flight equipment range from 14 to 18 years, except when extended by significant modifications. Estimated service lives for other property and equipment range from 5 to 30 years.

(c) Maintenance

Maintenance and repairs are charged to operating expenses except for significant modification costs which are capitalized.

(d) Spare parts, materials and supplies

Flight equipment spare parts, and other spare parts, materials and supplies are valued at average cost, net of a provision for obsolescence of flight equipment spare parts. This provision is based on the estimated service lives of the related flight equipment.

(e) Airline revenue

Airline passenger and cargo sales are recognized as operating revenues when the transportation is used. The value of unused transportation is included in current liabilities.

(f) Interest capitalized

Interest on funds used to finance the acquisition of new aircraft and construction of major ground facilities is capitalized for periods preceding the dates the assets are put into service.

(g) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated at year-end exchange rates and resulting gains and losses are included in income.

(h) Investment in other companies

The excess of the acquisition cost of investments over the Corporation's proportionate share of the underlying value of net assets acquired is amortized over periods not exceeding 25 years.

2. Extraordinary item

The Corporation has provided for additional costs associated with the major staff reduction program initiated in 1982, because more employees participated in the program. These costs, $2.3 million in 1983 ($16.8 million in 1982) after applicable deferred income tax recoveries of $2.1 million in 1983 ($15.6 million in 1982), have been presented as extraordinary items.

3. Property and equipment

	1983	1982
	$	$
Cost		
Flight equipment	1,995,831	1,787,660
Other property and equipment	580,504	517,692
	2,576,335	2,305,352
Accumulated depreciation and amortization		
Flight equipment	769,673	713,696
Other property and equipment	318,080	285,059
	1,087,753	998,755
	1,488,582	1,306,597
Progress payments	149,248	117,311
Net book value	1,637,830	1,423,908

Flight equipment includes 20 aircraft retired from service with a net book value of $30.3 million. The estimated aggregate market value of these aircraft exceeds their net book value.

4. Flight equipment under capital leases

	1983	1982
	$	$
Flight equipment under capital leases	285,663	284,334
Less: accumulated depreciation	164,794	149,327
Net book value	120,869	135,007

5. Investment in other companies

Investments in companies accounted for on the equity basis include Nordair Ltd. (86.5% owned), GPA Group Limited (formerly Guinness Peat Aviation Ltd.—22.7% owned), Innotech Aviation Limited (30.0% owned), and MATAC Cargo Ltd. (50.0% owned). The Corporation's share of the 1983 earnings of these companies is included in other non-operating income and amounted to $3.6 million (1982—$0.4 million). On August 19, 1983, GPA Group Limited issued common shares to a third party, thereby reducing Air Canada's ownership from 29.3% to 22.7%, resulting in a gain of $2.2 million which is reflected in non-operating income. The Corporation has continued to exclude Nordair Ltd. from consolidation because discussion of Nordair's future ownership is ongoing. Financial statements of Nordair are published separately.

6. Long-term debt

	1983	1982
	$	$
Government of Canada		
7.2% note, payable semi-annually, maturing in 1993	232,987	249,554
8.31% note, payable annually, maturing in 2001	13,193	13,509
	246,180	263,063
Other		
6.0% notes due 1984	9,144	20,630
8.0% notes due 1990/91	61,320	68,523
8.375% note due 1990	45,026	51,327
8.5% note due 1991	55,600	61,726
8.7% notes due 1995/96	279,945	132,309
6.25% bonds due 1992	57,110	61,150
9.0% bonds due 1992	45,670	51,770
5.5% bonds due 1995	57,110	
7.375% bonds due 1993	45,670	
11.62% note due 1991	12,693	
Various notes due 1986 to 1995 with an average interest rate of 10.07%	20,958	5,846
	690,246	453,281
	936,426	716,344
Current portion	62,914	52,327
	873,512	664,017

None of the long-term debt is secured.

Repayment requirements over the next five years amount to $319.9 million; $62.9 million in 1984, $58.4 million in 1985, $63.0 million in 1986, $66.2 million in 1987, and $69.4 million in 1988.

Long-term debt includes $429.1 million payable in U.S. funds, $114.2 million in Swiss francs, $91.3 million in German marks, and $7.6 million in French francs. The long-term debt payable in U.S. funds is covered by long-term forward exchange contracts to the extent of $195 million, plus the related interest.

At December 31, 1983, the Corporation had financing arrangements in place totalling U.S. $256 million, primarily with the Export-Import Bank of the United States, at an average rate of 9%, repayable over periods of up to twelve years.

The Corporation also has revolving and term credit agreements totalling $200 million with two Canadian chartered banks. The revolving and term periods are three and five years respectively. As at December 31, 1983, there were no outstanding drawings against these agreements.

7. Lease obligations

The future minimum lease payments under capital and operating leases are as follows:

	Capital leases—Aircraft	Operating leases—Aircraft & property
	$	$
1984	32,871	25,405
1985	32,277	21,345
1986	31,688	20,119
1987	30,409	18,836
1988	29,820	11,247
Remaining years	52,284	28,148
Total future minimum lease payments	209,349	125,100
Less: amount representing interest	53,280	
Present value of obligations under capital leases	156,069	
Less: current portion of obligations under capital leases	20,943	
Long-term obligations under capital leases	135,126	

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The average implicit interest rate of these obligations is 7.6% and their expiry dates are from 1986 to 1991.

8. Income taxes

The Corporation's recovery of deferred income taxes is made up as follows:

	1983	1982
	$	$
Recovery of (provision for) income taxes based on a combined basic Canadian federal and provincial income tax rate	(361)	16,924
Tax recovery from		
Lower effective income tax rate on capital gains	3,753	2,190
Tax exempt earnings of related companies	1,752	205
Miscellaneous	194	137
	5,338	19,456

As at December 31, 1983, the Corporation had available $79.4 million of investment tax credits that can be applied as a reduction to future federal income taxes payable from 1984 to 1990.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—*Concluded*

9. Commitments

As at December 31, 1983, contracts for the acquisition and modification of aircraft and spare engines, after deducting progress payments, amounted to approximately U.S. $310 million and included six B-767 aircraft for delivery in 1984. Other commitments for property, ground equipment and spare parts, amounted to approximately $65 million Canadian.

10. Pension plans

The cost of funding current service pension benefits is charged to operations as incurred. Unfunded liabilities, as determined by actuarial valuation, are funded by annual payments which are charged to operations over periods recommended by the actuaries and in accordance with regulatory requirements. The total charge for these plans for the year was $51.6 million (1982—$62.7 million).

As at December 31, 1983, the unfunded liability of the Corporation's pension plans amounted to $262 million ($268 million in 1982), based on the latest actuarial valuation undertaken as at December 31, 1981, and is being funded by annual payments over various periods ending 2003.

11. Contingencies

Various lawsuits and claims are pending by and against the Corporation. It is the opinion of management that final determination of these claims will not materially affect the financial position or the results of the Corporation.

12. Related party transactions

In the ordinary course of business, the Corporation enters into transactions with related parties, including the Government of Canada, its agencies and other Crown Corporations. The Corporation derives revenues from related parties for passenger, cargo and contract services. Expenses with related parties include landing fees, terminal assessments, taxes and interest on long-term debt.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms.

13. Act of incorporation

The Corporation operates under the Air Canada Act, 1977.

SUMMARY PAGE

ATLANTIC PILOTAGE AUTHORITY

MANDATE:

To establish, operate, maintain and administer in the interests of safety an efficient pilotage service within designated waters in and around the Atlantic provinces.

BACKGROUND:

Established in 1972, the Authority provides pilotage services and has the power to make regulations, subject to the approval of the Governor in Council, which establish compulsory pilotage areas; prescribe the ships/classes of ships that are subject to compulsory pilotage, the circumstances under which compulsory pilotage may be waived, and pilotage tariffs; and which cover the licensing of pilots and issuance of pilotage certificates. Tariffs must be fair and reasonable and sufficient to permit the Authority to operate on a self-sustaining financial basis.

CORPORATION DATA:

HEAD OFFICE:	Bank of Montreal Tower 5151 George Street Halifax, Nova Scotia B3J 1M5
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Established pursuant to the *Pilotage Act* (SC 1970-71-72, Chap. 52) which was proclaimed to come into force on February 1, 1972.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	A. Douglas Latter
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	1.7	1.9	1.7	1.7
Obligations to the private sector	nil	nil	nil	nil
Obligations to Canada	0.5	0.6	0.6	0.7
Equity of Canada	(0.1)	negl.	negl.	negl.
Cash from Canada in the year				
— budgetary	0.1**	nil	0.5**	nil
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.
** These amounts are net of advances which were repaid to Canada subsequent to the relevant financial period.

ATLANTIC PILOTAGE AUTHORITY

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of Atlantic Pilotage Authority as at December 31, 1983 and the statements of operations, deficit, contributed capital and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Authority as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 10, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
	$	$
Current		
Cash	439,476	318,549
Accounts receivable	661,106	538,685
Prepaid expenses	11,979	26,181
	1,112,561	883,415
Fixed, at cost (Note 3)	1,514,583	1,502,638
Less: accumulated depreciation	720,488	645,921
	794,095	856,717
	1,906,656	1,740,132

LIABILITIES	1983	1982
	$	$
Current		
Accounts payable and accrued liabilities	267,349	229,934
Due to Canada in respect of parliamentary appropriations (Note 4)	385,000	193,541
Obligation under capital lease agreements (Note 5)	65,917	60,723
Current portion of accrued employee termination benefits	27,416	41,243
	745,682	525,441
Long-term		
Accrued employee termination benefits	681,399	672,999
Obligation under capital lease agreements net of current portion (Note 5)	520,457	586,374
	1,201,856	1,259,373
	1,947,538	1,784,814
CONTRIBUTED CAPITAL AND DEFICIT		
Contributed capital	771,971	771,971
Deficit	(812,853)	(816,653)
	(40,882)	(44,682)
	1,906,656	1,740,132

Approved by the Authority:

A. D. LATTER
Chairman

G. E. SIMMONS
Member

S. M. KEDDY
Secretary

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Income		
Pilotage charges	5,452,895	4,896,383
Interest and other income	27,394	51,552
	5,480,289	4,947,935
Expenses		
Pilots' fees, salaries and benefits	2,713,842	2,793,067
Pilot boats, operating costs	1,699,109	1,622,844
Staff salaries and benefits	305,508	313,908
Transportation and travel	210,728	184,708
Professional and special services	158,819	186,188
Rentals	119,395	104,080
Utilities, materials and supplies	81,387	82,351
Depreciation	78,364	76,946
Interest on capital leases	54,033	59,014
Communications	55,304	54,939
	5,476,489	5,478,045
Net income (loss) for the year	3,800	(530,110)

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Balance, beginning of the year	816,653	743,040
Net income (loss) for the year	3,800	(530,110)
	812,853	1,273,150
Recovered from parliamentary appropriations		456,497
Balance, end of the year	812,853	816,653

STATEMENT OF CONTRIBUTED CAPITAL FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Balance, beginning of the year	771,971	701,009
Parliamentary appropriations to finance		
Additions to fixed assets		10,239
Principal payments on capital leases		60,723
		70,962
Balance, end of the year	771,971	771,971

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Funds provided		
Operations		
Net income for the year	3,800	
Items not requiring an outlay of funds		
Depreciation	78,364	
Loss on disposal of fixed assets	1,218	
	83,382	
Parliamentary appropriations		527,459
Increase in long-term accrued employee termination benefits	8,400	
	91,782	527,459
Funds applied		
Operations		
Loss for the year		530,110
Items not requiring an outlay of funds		
Depreciation		(76,946)
Loss on disposal of fixed assets		(9,969)
		443,195
Decrease in obligation under capital lease agreements	65,917	60,723
Decrease in long-term accrued employee termination benefits		13,302
Additions to fixed assets	16,960	10,239
	82,877	527,459
Increase in working capital	8,905	
Working capital, beginning of the year	357,974	357,974
Working capital, end of the year	366,879	357,974

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1983

1. Nature of activities

The Atlantic Pilotage Authority was established on February 1, 1972 pursuant to the Pilotage Act. The objects of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that pilotage tariffs shall be fair, reasonable and sufficient, together with any revenue from other sources, to permit the Authority to operate on a self-sustaining financial basis.

2. Significant accounting policies

(a) Parliamentary appropriations

It has been the practice to recover operating deficits and capital expenditures, calculated on a cash basis, from parliamentary appropriations. Appropriations received by the Authority in excess of these amounts are reflected on the balance sheet under current liabilities as "Due to Canada in respect of parliamentary appropriations".

(b) Depreciation

Depreciation of fixed assets is calculated on a straight-line basis and is based on the estimated useful life of the assets as follows:

Buildings	20 years
Pilot boats	20 years
Pilot boats under capital lease	25 years
Furniture and equipment	10 years

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

(c) Contributed capital

Amounts representing the values assigned to assets transferred to the Authority from Canada in 1972, the cost of capital assets and the principal portion of payments made under capital lease agreements and financed from parliamentary appropriations are shown as contributed capital.

(d) Capital leases

The Authority leases three pilot boats from Canada under long-term financing leases. Under the terms of the lease agreements, the Authority assumes the rights and obligations of ownership. As a result, the leases are treated as purchases and the principal portion of lease payments is capitalized and depreciated over the estimated useful lives of the boats. The corresponding liability is reduced by the principal portion of lease payments and the interest portion is expensed in the year to which it relates.

(e) Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid, generally over the remaining years of service of the pilots.

(f) Employee termination benefits

Employees of the Authority are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

3. Fixed assets

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land and buildings	1,450	1,000	450	450
Pilot boats	378,490	246,633	131,857	154,825
Pilot boats under capital lease	964,000	351,040	612,960	651,520
Furniture and equipment	170,643	121,815	48,828	49,922
	1,514,583	720,488	794,095	856,717

4. Due to Canada in respect of parliamentary appropriations

The Authority forecasted that it would be in an operating deficit position for 1983. It requested and received a parliamentary appropriation to cover the expected amount of the operating deficit. With the 1983 operating position being a surplus the full amount of the parliamentary appropriation is refundable.

5. Capital lease agreements

The Authority leases three pilot boats under long-term financing leases. The payments required under the leases are as follows:

	1983	1982
	$	$
9⅜% lease agreement, due April 1991, payable in blended annual payments of $54,785	438,285	493,070
8% lease agreement, due October 1989, payable in blended annual payments of $31,077	186,459	217,536
8% lease agreement, due November 1989, payable in blended annual payments of $31,077	186,459	217,536
Total lease payments	811,203	928,142
Less: amount representing interest	224,829	281,045
Principal amount of capital lease	586,374	647,097
Less: current portion	65,917	60,723
Principal amount of capital lease agreements net of current portion	520,457	586,374

The aggregate payments required on these leases, in each of the next five years is $116,939 per annum.

Upon maturity of the leases, the Authority has the option to purchase each of the boats for $1.

6. Pension plan

Under provisions of the Pilotage Act, pilots may choose to become employees of the Authority and become entitled to count service prior to becoming an employee as pensionable under the Public Service Superannuation Act. For pilots who have elected to purchase pension benefits with respect to past service, the Authority is required to match the employee contribution. Total past service pension expense was $23,989 in 1983 ($28,464—1982). The estimated unfunded past service pension contribution with respect to these employees was approximately $176,000 at December 31, 1983 ($230,000 at December 31, 1982) and will be funded over the remaining years of service of the pilots, or the terms of purchase whichever is the lesser.

7. Services provided without charge

The Canadian Coast Guard, through its Vessel Traffic Service Centres in Nova Scotia, New Brunswick and Newfoundland, provides a pilot dispatching service to the Authority without charge.

8. Income tax

Under the provisions of the Income Tax Act, the Authority is not subject to income tax.

9. Comparative figures

Certain of the 1982 figures have been reclassified so as to conform with the presentation adopted in 1983.

SUMMARY PAGE

ATOMIC ENERGY OF CANADA LIMITED

MANDATE:

To develop the utilization of atomic energy for peaceful purposes.

BACKGROUND:

Founded in 1952, AECL developed Candu and heavy water manufacturing technology and established related facilities. Three provincial utilities received federal financing for nuclear facilities through AECL and now make repayments to it which are passed on to Canada. The corporation was responsible for Candu reactors built recently in Argentina and in Korea and is providing services related to two Candu reactors under construction in Romania.

CORPORATION DATA:

HEAD OFFICE:	275 Slater Street Ottawa, Ontario K1A 0S4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Patricia Carney, P.C., M.P.
DEPARTMENT:	Energy, Mines and Resources
DATE AND MEANS OF INCORPORATION:	52/02/14; under the Part I of *Canada Corporations Act*. Continued 77/07/08 *Canada Business Corporations Act*; Certificate amended 82/07/15. The mandate of the corporation is prescribed by S. 10(1) of the *Atomic Energy Control Act* and by its charter/articles.
CHIEF EXECUTIVE OFFICER:	James Donnelly
CHAIRMAN:	Robert Desprès, O.C.
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	1,285	1,348	1,331
Obligations to the private sector	44	52	59
Obligations to Canada	767	773	790
Equity of Canada	143	179	149
Cash from Canada in the period			
— budgetary	336	315	284
— non-budgetary	5	8	3

ATOMIC ENERGY OF CANADA LIMITED

FINANCIAL REPORTING RESPONSIBILITY

The management of the Company is responsible for integrity, reliability and objectivity in the preparation and presentation of the financial statements. To meet this responsibility, management maintains a system of financial controls, including formal policies and procedures, to ensure that the financial records are reliable and to facilitate the preparation of timely, accurate and comprehensive financial information. The financial statements have been prepared in accordance with generally accepted accounting principles and include estimates based on the experience and judgement of management.

Financial controls are monitored by the Company's internal auditors who report independently to the Chairman of the Board. The transactions, financial control systems and financial statements of the Company are examined by the Auditor General of Canada who reports on his examination to the Minister of Energy, Mines and Resources.

The Board of Directors has appointed an Audit Committee from their members to review the financial management control systems and practices and other matters relating to the financial situation of the Company. Specifically, they review the Annual Report on behalf of the Board and the Auditor General's report on the financial statements and the financial controls of the Company. Periodically during the year, the Audit Committee meets with management and the internal auditors as a group or individually to monitor the internal audit process.

AUDITOR'S REPORT

THE HONOURABLE JEAN CHRÉTIEN, P.C., M.P.
MINISTER OF ENERGY, MINES AND RESOURCES

I have examined the balance sheet of Atomic Energy of Canada Limited as at March 31, 1984 and the statements of income, contributed capital, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Company, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 10, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Current		
Cash and short-term deposits	120,967	135,664
Accounts receivable	160,917	180,775
Inventories (Note 3)	62,820	69,111
	344,704	385,550
Non-current inventory (Note 3)	15,190	23,911
Long-term receivables (Note 4)	766,663	741,419
Investment and deferred costs (Note 5)	104,403	99,017
Property, plant and equipment (Note 6)	54,314	98,582
	1,285,274	1,348,479

LIABILITIES	1984	1983
Current		
Accounts payable and accrued liabilities	112,105	79,566
Loans and current portion of long-term debt	32,301	56,162
Deferred revenue	74,243	90,385
Provision for contracts in progress	110,204	117,936
	328,853	344,049
Long-term debt (Note 7)	813,107	825,318
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—75,000 common shares		
Issued—54,000 common shares	15,000	15,000
Contributed capital	63,560	108,289
Retained earnings	64,754	55,823
	143,314	179,112
	1,285,274	1,348,479

Approved by the Board:

ROBERT DESPRÉS
Director

JAMES DONNELLY
Director

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Commercial operations		
Revenue		
Nuclear supply and services	196,047	218,888
Radiation equipment and isotopes	80,161	84,254
Investment (Note 5)	16,356	38,126
Interest	77,500	67,317
	370,064	408,585
Costs and expenses		
Cost of sales and services	226,269	274,811
Product development	13,252	21,321
Marketing and administration	44,041	31,530
Interest	71,800	55,149
	355,362	382,811
Operating profit	14,702	25,774
Research and development operations		
Expenses	210,840	194,136
Less: revenue	23,584	22,252
parliamentary appropriations	184,446	169,877
Net expenses	2,810	2,007
Prototype reactor operations		
Expenses	49,509	49,965
Less: revenue	34,138	36,186
parliamentary appropriations	12,410	12,654
Net expenses	2,961	1,125
Net income for the year	8,931	22,642

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Balance at beginning of the year	108,289	101,185
Parliamentary appropriations used to discharge loan principal	8,715	7,104
	117,004	108,289
Write-off of Douglas Point prototype reactor (Note 8)	53,444	
Balance at end of the year	63,560	108,289

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Balance at beginning of the year	55,823	33,181
Net income for the year	8,931	22,642
Balance at end of the year	64,754	55,823

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of working capital		
From operations	17,766	36,642
Reduction in non-current inventory	8,721	7,527
Reduction in long-term receivables	20,817	28,730
Proceeds from long-term debt	18,644	15,066
Parliamentary appropriations for long-term debt repayment	8,715	7,104
	74,663	95,069
Application of working capital		
Increase in long-term receivables	46,061	
Acquisition of commercial property, plant and equipment	13,343	17,046
Reduction of long-term debt	30,855	25,202
Increase in deferred costs and other	10,054	2,501
	100,313	44,749
Increase (decrease) in working capital	(25,650)	50,320
Working capital (deficiency) at beginning of the year	41,501	(8,819)
Working capital at end of the year	15,851	41,501

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The most significant accounting policies are summarized below:

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at rates in effect at year end. Deferred revenue in foreign currencies on contracts in progress is translated at historical rates on a monthly basis. Gains and losses resulting from foreign currency transactions and the translation of balances are included in income.

Inventories

Radiation equipment and materials are valued at the lower of average cost and net realizable value. Maintenance and general supplies are valued at cost. Heavy water is valued at the lower of average cost, less related parliamentary appropriations, and net realizable value. Heavy water inventory not expected to be sold within the next year is classified as non-current.

Investments and deferred costs

Investments and deferred costs are recorded at cost and charged to the revenue derived therefrom over the expected period of revenue generation.

Property, plant and equipment

Property, plant and equipment of a research and development nature is recorded at cost and expensed in the year of acquisition.

Other property, plant and equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Machinery and equipment	— 3 to 20 years
Buildings	— 20 to 50 years

Costs of decommissioning nuclear facilities are expensed when incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*Concluded*

Long-term contracts

Revenue and costs on long-term contracts are accounted for by the percentage of completion method, applied on a conservative basis to recognize the absence of certainty on these contracts. Full provision is made for all estimated losses to completion of contracts in progress.

Parliamentary appropriations

The Government of Canada, through parliamentary appropriations, funds certain operations of the Company as outlined in Note 2. The parliamentary appropriations are offset against the applicable expenditures except for the portion used to discharge loan principal which is recognized as an increase in contributed capital.

The Government of Canada also provides, through parliamentary appropriations, loan financing for the acquisition of certain assets.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the Company and are charged to income on a current basis.

Employee termination benefits

Employees are entitled to specific termination benefits as provided for under collective agreements and conditions of employment. The liability for these benefits is based on actuarial estimates and is charged to income as benefits accrue to the employees.

Insurance

The Company assumes substantially all risks pertaining to the assets and operations of research and development, and prototype reactors. Commercial assets and operations are insured to the extent considered appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1984

1. Accounting policies

The summary of significant accounting policies is an integral part of these financial statements.

2. Parliamentary appropriations

Parliamentary appropriations were used during the year for the following purposes:

	1984	1983
	(in thousands of dollars)	
Research and development operations	184,446	169,877
Prototype reactor operations	12,410	12,654
Heavy water—Production	124,711	118,300
—Loan payments—Principal	8,715	7,104
—Interest	3,585	4,196
—La Prade plant maintenance	2,450	3,061
	336,317	315,192

The Government of Canada, through parliamentary appropriations, provided $4.8 million (1983 — $7.7 million) loan financing for the acquisition of property, plant and equipment.

3. Inventories

	1984	1983
	(in thousands of dollars)	
Current		
Radiation equipment and materials	38,813	36,992
Maintenance and general supplies	3,044	12,908
Heavy water	20,963	19,211
	62,820	69,111
Non-current		
Heavy water	436,150	320,160
Less accumulated parliamentary appropriations	420,960	296,249
	15,190	23,911

The above accumulated parliamentary appropriations are repayable, together with interest thereon, to the extent of future sales revenue. At March 31, 1984, no contracts had been finalized for the sale of heavy water funded by parliamentary appropriations.

4. Long-term receivables

	1984	1983
	(in thousands of dollars)	
Notes receivable		
Due from provincial utilities to finance nuclear facilities at interest rates varying from 7.795% to 9.706%. A note for $160 million matures in 1992. Notes totalling $501 million have a 25 year amortization from April 1983. Refer to Note 7 for related debt	661,476	673,879
Project receivables		
Due from foreign governments and companies at fixed interest rates ranging from 7% to 10.5% and at fluctuating rates with terms of up to 14 years	120,666	76,641
Mortgages receivable and other	5,628	5,715
	787,770	756,235
Current portion	21,107	14,816
	766,663	741,419

5. Investment and deferred costs

	1984	1983
	(in thousands of dollars)	
Investment in Pickering 1 and 2		
The Company, Ontario Hydro and the Province of Ontario are parties to an agreement for the construction and operation of Units 1 and 2 of the Pickering 'A' nuclear generating station, with ownership of these Units being vested in Ontario Hydro. Under the agreement, the Company is entitled to receive payments until the year 2001 based on the net operational advantage of the power generated by Pickering Units 1 and 2 as compared with the coal-fired Lambton Units 1 and 2	84,012	88,858
Deferred costs		
Costs incurred in modifying non-company owned facilities for revenue producing purposes	20,391	10,159
	104,403	99,017

The amount charged to revenue for the year ended March 31, 1984 was $4.8 million (1983 — $4.8 million) for the investment.

In March 1984, Ontario Hydro announced that Pickering Units 1 and 2 would be shut down for replacement of the pressure tubes. As a result, the Company will not be entitled to any further payments until the reactors are operational, currently scheduled for early 1987.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1984—*Concluded*

6. Property, plant and equipment

	1984			1983
	Cost	Government funding and accumulated depreciation	Net	Net
	(in thousands of dollars)			
Commercial operations				
Land	1,232	257	975	975
Buildings	41,772	14,936	26,836	4,395
Machinery and equipment	43,598	20,982	22,616	15,342
Heavy water plants	802,881	802,881		
Construction in progress	13		13	20,297
	889,496	839,056	50,440	41,009
Research and development operations				
Land	9,149	9,149		
Buildings	65,472	61,598	3,874	4,129
Research reactors and equipment	223,987	223,987		
Construction in progress	40,851	40,851		
	339,459	335,585	3,874	4,129
Prototype reactor operations				
Gentilly-1	88,795	88,795		
Douglas Point	81,762	81,762		53,444
	170,557	170,557		53,444
	1,399,512	1,345,198	54,314	98,582

Depreciation of commercial property, plant and equipment for the year ended March 31, 1984 amounted to $4.0 million (1983 — $9.2 million).

Research and development property, plant and equipment expensed in the year ended March 31, 1984 amounted to $21.8 million (1983 — $19.6 million).

7. Long-term debt

	1984	1983
	(in thousands of dollars)	
Loans from Canada		
To finance provincial utility nuclear facilities at interest rates varying from 6.687% to 9.706%. Notes totalling $160 million mature in 1992. Notes totalling $501 million have a 25 year amortization from April 1983. Refer to Note 4 for related receivables	660,796	672,726
To finance leased heavy water and other assets, maturing through 2003, bearing interest rates from 3.5% to 16.125%	105,898	99,953
Loans from third parties		
To finance the purchase of the Port Hawkesbury and Glace Bay heavy water plants at imputed interest rates of 7.375% and 8.875%, maturing in 1985 and 1998	43,804	51,967
Provision for employee termination benefits and other	34,910	24,934
	845,408	849,580
Current portion	32,301	24,262
	813,107	825,318

Loan repayments required over the succeeding years are as follows (millions of dollars): 1986—$33.1; 1987—$25.7; 1988—$100.2; 1989—$29.7; and subsequent to 1989—$597.4.

8. Write-off of Douglas Point prototype reactor

The Douglas Point prototype reactor was built in the early 1960's primarily to provide information and to demonstrate the suitability of the CANDU-PHW system. The station, which is operated by Ontario Hydro for the Company, was also used for experimentation, development and training purposes. The prototype was originally funded by loans from the Government of Canada which were forgiven by parliamentary appropriation in the year ended March 31, 1978 and credited to contributed capital at that time.

The reactor has fulfilled its primary objective as a demonstration prototype under the Company's nuclear research and utilization program and its operation is no longer economically viable. As a result, the reactor will be shut down in May 1984 and accordingly the net book value as at April 1, 1983 of $53.4 million has been written off against the previously established credit.

9. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, the Company had the following transactions with the Government of Canada:

	1984	1983
	(in thousands of dollars)	
Repayment of loans and interest	65,280	50,384
Payments to the Public Service Superannuation Plan	15,761	15,747

In the normal course of business, the Company also enters into various transactions with the Government of Canada, its agencies and other Crown corporations.

10. Supplementary information

Incorporation

Pursuant to the authority and powers of the Minister of Energy, Mines and Resources under the Atomic Energy Control Act, the Company was incorporated in 1952 under the provisions of the Canada Corporations Act (and continued in 1977 under the provisions of the Canada Business Corporations Act) to develop the utilization of atomic energy for peaceful purposes.

The Company is a Crown corporation under the Financial Administration Act and is an agent of Her Majesty. The Company is exempt from income taxes.

Operations

The operations of the Company are reported in the Statement of Income as commercial operations, research and development operations, and prototype reactor operations.

Commercial operations consist of nuclear power engineering and design, project management, operating plant support services, heavy water production, manufacturing of medical and industrial radiation equipment and radioisotopes, and investments.

Research and development operations consist of basic and applied nuclear research and development, and contract research and development services.

Prototype reactor operations consist of the Gentilly-1 and Douglas Point prototype nuclear stations.

SUMMARY PAGE

CANADA DEPOSIT INSURANCE CORPORATION

MANDATE:

To provide limited insurance in respect of individuals' deposits with federal institutions (banks, trust and loan companies) and approved provincial institutions (trust and loan companies).

BACKGROUND:

Established by the *Canada Deposit Insurance Corporation Act* in 1967, the corporation by 1982 accumulated, from premiums received, substantial reserves in its Deposit Insurance Fund but payments to depositors of insolvent financial institutions recently caused this fund to have a net deficit position.

CORPORATION DATA:

HEAD OFFICE:	1808 — 112 Kent Street P.O. Box 2340, Station D Ottawa, Ontario K1P 5W5
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Barbara McDougall, P.C., M.P.
DEPARTMENT:	Finance
DATE AND MEANS OF INCORPORATION:	The *Canada Deposit Insurance Corporation Act* (RSC 70, Chap. C-3, as amended).
CHIEF EXECUTIVE OFFICER:	Charles C. de-Léry
CHAIRMAN:	Robert de Coster
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1983	1982	1981
At the end of the year:			
Total Assets	1,157	255	233
Obligations to the private sector	805	nil	nil
Obligations to Canada	30	nil	nil
Equity of Canada	nil	nil	nil
Cash from Canada in the year			
— budgetary	nil	nil	nil
— non-budgetary	30	nil	nil

CANADA DEPOSIT INSURANCE CORPORATION

AUDITOR'S REPORT

THE HONOURABLE MARC LALONDE, P.C., M.P.
MINISTER OF FINANCE

I have examined the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1983 and the statements of earnings and accumulated net earnings (deficit) and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

As explained in Note 3, the Corporation is funding the payment of the liabilities and operations of certain member institutions experiencing financial difficulty in order to ensure their orderly wind down. As explained in Note 7, significant uncertainty exists as to the ultimate losses facing the Corporation in respect of these troubled companies. The Corporation is of the opinion, however, that substantial losses will occur and based on the information currently available from the troubled companies has estimated such losses to be approximately $650,000,000. The Corporation has recorded a general provision for loss in that amount. Because of the circumstances surrounding the troubled companies, sufficient information is not available to allow me to determine whether the general provision for loss is adequate. Accordingly, I am not able to determine whether any adjustments might be necessary to the general provision for loss, the accumulated net deficit and the deposit insurance fund.

In view of the possible material effect on the financial statements of the matters discussed in the preceding paragraph, I am unable to express an opinion as to whether these financial statements give a true and fair view of the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Further, pursuant to Section 77(1) of the Financial Administration Act, I wish to bring to the attention of Parliament, the possibility that when the circumstances described in Note 7 have been resolved, Parliament may be required to make amendments to the Canada Deposit Insurance Corporation Act to permit increased premium rates from member institutions or to otherwise change the funding provisions of the Act.

Also, pursuant to Section 77(1) of the Financial Administration Act, I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 4, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Cash and treasury bills	145,424	132,613
Premiums and other accounts receivable	10,643	1,285
Accrued interest	4,185	3,414
Loans to member institutions (Notes 3 and 7)	942,483	50,000
Investments (Note 4)	30,175	66,751
Claims in respect of insured deposits (Note 5)	23,514	1,351
Furniture, equipment and leasehold improvements	81	34
	1,156,505	255,448

LIABILITIES AND GENERAL PROVISION FOR LOSS	1983	1982
Accounts payable	726	501
Income taxes payable	1,145	20
Loans from member institutions (Note 3)	805,266	
Loans from the Consolidated Revenue Fund (Note 6)	30,000	
Deferred income taxes	1,473	1,798
	838,610	2,319
General provision for loss (Note 7)	650,000	
	1,488,610	2,319
DEPOSIT INSURANCE FUND		
Premiums		
Balance at beginning of the year	181,893	167,318
Premiums for the year	51,098	14,575
Balance at end of the year	232,991	181,893
Accumulated net earnings (deficit) (Note 1)	(565,096)	71,236
Deposit insurance fund	(332,105)	253,129
	1,156,505	255,448

Approved by the Board:

ROBERT DE COSTER
Chairman

W. A. KENNETT
Director

STATEMENT OF EARNINGS AND ACCUMULATED NET EARNINGS (DEFICIT) FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Interest income		
Loans	62,188	4,125
Treasury bills	10,723	14,105
Canada bonds	3,961	5,698
Mortgages	1,255	1,715
Other	401	260
	78,528	25,903
Expenses		
Interest on borrowings	50,828	82
Inspection and other fees	1,683	514
General, administrative and other	807	190
Salaries and employee benefits	262	195
	53,580	981
Earnings before income taxes	24,948	24,922
Income taxes		
Current	12,045	12,620
Deferred	(325)	(583)
	11,720	12,037
Net earnings for the year	13,228	12,885
Accumulated net earnings at beginning of the year	71,236	58,351
General provision for loss (Note 7)	(650,000)	
Recovery of claim—Commonwealth Trust Company (Note 5)	440	
Accumulated net earnings (deficit) at end of the year	(565,096)	71,236

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Source of funds		
Operations		
Net earnings for the year	13,228	12,885
Items not affecting funds		
Deferred income taxes	(325)	(583)
Net amortization of premiums and discounts	(333)	(136)
Depreciation and amortization	31	14
	12,601	12,180
Loans from member institutions	805,266	
Loans from the Consolidated Revenue Fund	140,000	
Repayment of loans by member institutions	50,000	
Decrease in investments —Canada bonds	32,350	30,000
—Other bonds and debentures	162	
Recoveries of claims in respect of insured deposits	1,060	16,981
Increase in accounts payable	225	10
Increase in income taxes payable	1,125	
Premiums for the year	51,098	14,575
Realization of mortgages acquired from former member institutions	4,397	471
Decrease in premiums and other accounts receivable		3,640
Decrease in accrued interest		3,572
Repayment of loans by Quebec Deposit Insurance Board		30,000
	1,098,284	111,429
Application of funds		
Loans to member institutions	942,483	50,000
Repayment of loans from the Consolidated Revenue Fund	110,000	
Increase in premiums and other accounts receivable	9,358	
Increase in accrued interest	771	
Purchase of furniture, equipment and leasehold improvements	78	6
Payment of claims in respect of insured deposits	22,783	
Mortgages acquired from former member institutions		7,534
Decrease in income taxes payable		3,991
	1,085,473	61,531
Increase in cash and treasury bills	12,811	49,898
Cash and treasury bills at beginning of the year	132,613	82,715
Cash and treasury bills at end of the year	145,424	132,613

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Authority and objective

The Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act (the Act) (R.S.C. 1970, c. C-3 as amended) and is a proprietary Crown corporation named in Schedule D to the Financial Administration Act.

The Corporation's principal objective is to provide insurance on deposits with federal member institutions (banks, trust and loan companies) and with provincial member institutions (trust and loan companies) up to $60,000 per depositor per institution.

By statute, the Corporation is assured adequate financial resources at all times. In the exercise of its mandate it is funded by its member institutions by way of premiums assessed and collected each year. When need for temporary financing arises it has access to the Consolidated Revenue Fund, the Minister of Finance being empowered by law to make interest-bearing loans to the Corporation up to an aggregate of $1.5 billion with the approval of the Governor in Council (Note 6).

It follows therefore that, even though its financial statements may show a deficit at a given point in time, such as is the case on December 31, 1983, the ability of the Corporation to meet its obligations is not at risk nor is the Government of Canada exposed to losses resulting from the operations of the Corporation. It must at the same time be recognized that Parliament may be requested at some stage to amend the Act to permit an increase in the assessments against the member institutions.

2. Accounting policies

(a) Basis of accounting

The Corporation follows the accrual basis of accounting.

(b) Provisions for losses

Provisions for losses on loans and guarantees to member institutions and on claims in respect of insured deposits are recorded in the year in which the eventual losses can be estimated. Such provisions and those no longer required are charged or credited to accumulated net earnings.

(c) Investments

Bonds, debentures and mortgages are recorded at cost. The cost of bonds and debentures is adjusted for the amortization of premiums and discounts.

(d) Claims in respect of insured deposits

The Corporation's claims in respect of insured deposits represent the total payments made by the Corporation for insured deposits less recoveries and provisions for losses.

(e) Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Depreciation on furniture and equipment is calculated at an annual rate of 20% using the declining balance method. Leasehold improvements are amortized on a straight-line basis over the remaining terms of the leases up to a maximum of five years.

(f) Income taxes

Income taxes are accounted for on the tax allocation basis, which relates the provision for income taxes to the reported accounting income for the year. Timing differences between the income reported for accounting and for tax purposes are recorded as deferred income taxes and arise from the exclusion of qualifiable accrued interest from income for tax purposes and from claiming an investment reserve for tax purposes.

(g) Premiums

Premiums are assessed against member institutions based on insurable deposits held by those institutions on April 30 of each year. Premiums and premium rebates, representing refunds of premiums previously paid, are credited or charged directly to the Deposit Insurance Fund in accordance with the Act.

3. Loans to member institutions

During the year, certain member institutions experienced financial difficulties and were placed under the control of regulatory authorities. Subsequently, and in accordance with section 11(a) of the CDIC Act, the Corporation entered into agency agreements with other member institutions (agents) to ensure that the respective operations of these troubled companies would be wound down in an orderly fashion during the five year term of these agreements. The Corporation is funding the payment of the liabilities and operations of these companies directly by way of loans or the respective agents are providing loans on the Corporation's behalf.

As at December 31, 1983, loans made directly or by agents on behalf of the Corporation were as follows:

Member Institutions	Direct	By Agents	Total
	(in thousands of dollars)		
Greymac Mortgage Corporation	55,000	37,000	92,000
Greymac Trust Company	40,435	97,600	138,035
Fidelity Trust Company	38,332	146,314	184,646
Crown Trust Company		300,000	300,000
Seaway Trust Company		140,200	140,200
Seaway Mortgage Corporation		39,700	39,700
District Trust Company		44,452	44,452
	133,767	805,266	939,033
Amic Mortgage Investment Corporation (Note 5)	3,450		3,450
	137,217	805,266	942,483

The Corporation has registered a floating charge on all the assets of these companies to secure the loans. During the terms of the agreements, the agents are paying all liabilities on maturity and are disposing of the assets in a manner to optimize recovery. The assets of these companies consist primarily of mortgages and real estate. The ultimate realization of these assets is dependent on the state of the economy, interest rate levels and the real estate market in general.

Although losses are anticipated on these loans, no specific provision was made for bad debts, a general provision for loss is being provided as explained in Note 7.

4. Investments

	1983	1982
	(in thousands of dollars)	
Canada bonds, maturing in		
1983		32,287
1984	19,998	19,974
(Market value 1983—$20,000 1982—$52,424)	19,998	52,261
Acquired from former member institutions		
Canada bonds and other bonds and debentures (Market value 1983—$772 1982—$861)	1,003	1,164
Mortgages	9,174	13,326
	10,177	14,490
	30,175	66,751

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

The investments acquired from former member institutions were either as a result of subrogation to the Corporation of the rights and interests of depositors to whom the Corporation made payments in respect of insured deposits, or in settlement of secured loans owed by a member institution to the Corporation.

5. Claims in respect of insured deposits

	1983	1982
	(in thousands of dollars)	
Astra Trust Company, placed in liquidation in 1980		
Payments to date	21,625	21,613
Recoveries to date	17,694	17,062
	3,931	4,551
Less: provision for loss	3,200	3,200
	731	1,351
Commonwealth Trust Company, placed in liquidation in 1970		
Payments to date	5,433	5,433
Recoveries to date	5,433	4,993
		440
Less: provision for loss		440
Amic Mortgage Investment Corporation, placed in liquidation in 1983		
Payments and claims due to date	22,783	
Recoveries to date		
	22,783	
Less: provision for loss		
	22,783	
	23,514	1,351

During the year, Amic Mortgage Investment Corporation was placed in liquidation and the Corporation paid claims in respect of insured deposits totalling $22,694,000. A further amount of $89,000 was set up in accounts payable to cover outstanding deposits due to claimants. The recoveries of these claims by the Corporation are anticipated to be significant but such cannot yet be reasonably estimated and accordingly, a specific provision for loss has not been recorded.

The Corporation recovered the total of $440,000 from the liquidators of Commonwealth Trust Company, thereby extinguishing any provision for loss previously recorded.

Subsequent to the year end, the Corporation recovered a further $387,977 in respect of the Astra Trust Company claim.

Certain claims were filed in 1980 against the Corporation with respect to non-member institutions which are alleged to be related to the operations of Astra Trust Company. The Corporation is still of the opinion that it is not liable in this connection.

6. Loans from the Consolidated Revenue Fund

Pursuant to section 37 of the Act, the Corporation, with the authority of the Governor in Council, can borrow funds from the Consolidated Revenue Fund (CRF) of the Government of Canada, up to a maximum of $1.5 billion. During 1983, the Corporation borrowed up to $140 million to help it finance direct liquidity loans to troubled member institutions. These loans were repaid to the extent of $110 million including interest, and a balance of $30 million remains outstanding at December 31, 1983. Loans from the CRF bear interest at varying rates equal to the rates approved by the Minister of Finance for loans to Crown corporations and are repayable on March 30, 1984. As at December 31, 1983, accrued interest of $231,164 on these loans was included in accounts payable.

7. General provision for loss

Information available indicates that the recent failure of eight trust and mortgage loan companies will ultimately result in very heavy losses to the Corporation, the full extent of which will only be known after completion of the wind down process and cannot be reasonably estimated at this time.

The Corporation has however made an estimate of the current consolidated deficits of the companies concerned on the strength of financial statements and data supplied by the respective agents responsible for the wind down and inclusive of all known elements and, on that basis, has recorded a general provision for loss of $650 million in its financial statements for the current year.

The Corporation recognizes that its ultimate financial exposure may be different from the provision by reason of the losses that will be incurred in the wind down process of the companies, of changes in the value of the assets on eventual disposition and of a number of contingencies arising from actual or potential negotiations and judicial actions.

8. Insured deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions as at April 30, 1983 and 1982, are as follows:

	1983	1982
	(in billions of dollars)	
Federal institutions	142	109
Provincial institutions	12	9
	154	118

SUMMARY PAGE

CANADA DEVELOPMENT INVESTMENT CORPORATION

MANDATE:

To privatize its holdings while gaining a fair return for Canada in the process and, in the interim, to ensure that its subsidiaries are managed in a sound commercial manner.

BACKGROUND:

CDIC was incorporated in 1982 to hold and manage enterprises and investments assigned to it by the federal government, and to divest those enterprises and investments when commercially feasible. Investments currently owned by CDIC, or assigned to it for management, include: Canadair, de Havilland, Eldorado Nuclear, Teleglobe, Canada Development Corporation and Massey-Ferguson. CDIC also briefly had responsibility for the government's interests in several East Coast fishery companies.

CORPORATION DATA:

HEAD OFFICE:	1 First Canadian Place Toronto, Ontario M5X 1A4
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Sinclair Stevens, P.C., Q.C., M.P.
DEPARTMENT:	Regional Industrial Expansion
DATE AND MEANS OF INCORPORATION:	By Canada Development Corporation under the *Canada Business Corporations Act.*
CHIEF EXECUTIVE OFFICER:	Paul M. Marshall
CHAIRMAN:	Bernard Lamarre
AUDITOR:	Peat, Marwick, Mitchell and Co. and the Auditor General of Canada

FINANCIAL SUMMARY: $ million.

	12 months to Dec. 31, 1984*	9 months to Dec. 31, 1983	10 months to March 31, 1983
		(as restated)	
At the end of the period:			
Total Assets	679	175	(778)
Obligations to the private sector**	1,299	1,208	nil
Obligations to Canada	nil	negl.	negl.
Equity of Canada	(709)	(1,042)	(779)
Cash from Canada to subsidiaries in the period			
— budgetary	550	300	400
— non-budgetary	nil	nil	nil

* Subsequent to the Report period.

** Does not include accounts payable and accrued liabilities, and payables to related parties. These obligations are also largely those of a subsidiary: Canadair Financial Corporation Inc., whose obligations unlike those of other subsidiaries, are not reflected in the equity value which is reproduced here from the corporation's consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITORS' REPORT

TO THE DIRECTORS
CANADA DEVELOPMENT INVESTMENT CORPORATION

We are not the auditors of Canada Development Investment Corporation. However, we have made an examination of the balance sheet of the corporation as at December 31, 1983 and the statements of income (loss) and retained earnings (deficit), contributed surplus and changes in financial position for the nine month period ended December 31, 1983 similar in scope to the examination that we would have carried out in accordance with generally accepted auditing standards had we been appointed auditors of the corporation. Accordingly, our examination included such tests and other procedures as we considered necessary in the circumstances.

Based on our examination, we report that, although we have not been appointed auditors of the corporation, in our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the nine month period ended December 31, 1983 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

We further report that, in our opinion, proper books of account have been kept by the corporation, the financial statements are in agreement therewith, and the transactions that have come under our notice have been within the powers of the corporation.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Toronto, Canada
March 30, 1984

BALANCE SHEET DECEMBER 31, 1983
(with comparative figures as at March 31, 1983)
(in thousands of dollars)

ASSETS	December 31, 1983	March 31, 1983
Current assets		
Cash and short-term investments	8,435	390
Due from related parties	73	
Other	7	47
	8,515	437
Investments (Note 4)	(1,049,409)	(778,682)
Property and equipment, at cost	365	18
Less: accumulated depreciation	35	1
	330	17
	(1,040,564)	(778,228)

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)	December 31, 1983	March 31, 1983
Current liabilities		
Payable to the Government of Canada (Note 5)	500	500
Accounts payable and accrued liabilities	1,144	492
Payable to related parties	207	
Deferred revenue		104
	1,851	1,096
SHAREHOLDER'S EQUITY (DEFICIT)		
Capital stock (Note 7)		
Authorized—Unlimited number of common shares		
Issued and fully paid—101 common shares	1	1
Contributed surplus	1,222,007	922,007
Retained earnings (deficit) (Note 10)	(2,264,423)	(1,701,332)
	(1,042,415)	(779,324)
	(1,040,564)	(778,228)

Commitments and contingencies (Notes 4 and 9)

See accompanying notes to financial statements.

On behalf of the Board:

J. BELL
Director

D. McQ. SHAVER
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

STATEMENT OF INCOME (LOSS) AND RETAINED EARNINGS (DEFICIT)
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 1983
(with comparative figures for the period ended March 31, 1983) (Note 2)
(in thousands of dollars)

	Period ended December 31, 1983 (Note 2)					
Equity in	Operating Income (Loss)	Financial Expense	Unusual Expense Items	Tax Expense	Total Equity in Net Income (Loss)	Period ended March 31, 1983
Canadair	(83,797)	155,294	95,042	78	(334,211)	(1,414,922)
de Havilland	(39,434)	29,551	167,347	142	(236,474)	(265,159)
Eldorado	39,315	20,938		8,419	9,958	3,592
Total	(83,916)	205,783	262,389	8,639	(560,727)	
Total for the period ended March 31, 1983	(144,457)	278,233	1,250,800	2,999		(1,676,489)
Other income (expense)—Net (Note 6)					(2,364)	(642)
Net income (loss)					(563,091)	(1,677,131)
Retained earnings (deficit) beginning of period (as restated—Note 10)					(1,701,332)	(24,201)
Retained earnings (deficit) end of period					(2,264,423)	(1,701,332)

See accompanying notes to financial statements.

STATEMENT OF CONTRIBUTED SURPLUS
FOR THE NINE MONTH PERIOD ENDED
DECEMBER 31, 1983
(with comparative figures for the period
ended March 31, 1983) (Note 2)
(in thousands of dollars)

	Period ended December 31, 1983	Period ended March 31, 1983
Balance, beginning of period	922,007	
Contributed by Government on transfer of subsidiaries and investments (Note 7)		522,007
Contributed in cash by the Government of Canada to subsidiaries		
Canadair Limited	240,000	200,000
The de Havilland Aircraft of Canada, Limited	60,000	200,000
Balance, end of period	1,222,007	922,007

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTH PERIOD
ENDED DECEMBER 31, 1983
(with comparative figures for the period
ended March 31, 1983) (Note 2)
(in thousands of dollars)

	Period ended December 31, 1983	Period ended March 31, 1983
Sources of Funds		
Corporate loss	(2,364)	(642)
Add items not affecting cash—Depreciation	34	1
	(2,330)	(641)
Loan from Government of Canada		500
Distribution of funds from Eldorado Nuclear Limited	10,000	
Increase in accounts payable	652	492
Increase in amount payable to related parties	207	
Increase (decrease) in deferred revenue	(104)	104
Decrease (increase) in other assets	40	(47)
	8,465	408
Uses of Funds		
Increase in amount due from related parties	73	
Additions to property and equipment	347	18
	420	18
Increase in cash and short-term investments	8,045	390
Cash and short-term investments, beginning of period	390	
Cash and short-term investments, end of period	8,435	390

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. The Corporation

Canada Development Investment Corporation ("the corporation") was incorporated on May 26, 1982 under the provisions of the Canada Business Corporations Act and is wholly-owned by Her Majesty in right of Canada. By Cabinet Orders-in-Council of the Government of Canada the corporation was made subject to the Financial Administration Act and the Government Companies Operation Act in consequence of which it is an agent of Her Majesty.

2. Basis of Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles as applicable to a going concern. These financial statements show that the corporation and its subsidiaries have a substantial shareholder's deficit and that there were substantial losses in the period. This raises questions about the corporation's ability to continue as a going concern. The corporation received a cash distribution from its subsidiary Eldorado Nuclear Limited in the period. However, the future of the corporation's two other subsidiaries, Canadair Limited ("Canadair") and The de Havilland Aircraft of Canada, Limited, ("de Havilland"), will depend upon their ability to obtain adequate financing (see Note 4).

The corporation's financial statements reflect the change in its fiscal year end from March 31 to December 31. This change was made so that the corporation's fiscal year end and those of its subsidiaries coincide. The corporation's income statement combines corporate operating costs for the nine months ended December 31, 1983 with the corporation's share of earnings and losses for its investments, Canadair, de Havilland and Eldorado Nuclear Limited ("Eldorado") for the year ended December 31, 1983.

The comparative figures combine corporate operating costs for the period from May 26, 1982, the date of incorporation, to March 31, 1983 with the corporation's share of the income and loss respectively of Eldorado and Canadair for the year ended December 31, 1982 and with the corporation's share of the loss of de Havilland for the seven month period ending December 31, 1982.

3. Significant Accounting Policies

A summary of the significant accounting policies is:

(a) Investments in Non-consolidated Subsidiaries:

Investments in subsidiaries are accounted for on the equity basis. A consolidation of the corporation's financial statements and its subsidiaries has not been prepared as the corporation believes that the equity method provides a more informative presentation to the shareholder, in light of the diversity of the businesses carried out by the corporation's subsidiaries and the constraints imposed on the interchangeability of resources between the subsidiaries. The consolidated financial statements of each subsidiary are attached.

(b) Portfolio Investments

The corporation's portfolio investments are accounted for on the cost basis, unless there has been a measurable impairment in value which is other than temporary, in which case the investment is written down to recognize the loss.

(c) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets.

4. Investments

Effective November 23, 1982, the Government of Canada's shareholdings in Canadair, de Havilland, Eldorado and Massey-Ferguson Limited ("Massey-Ferguson") were transferred to the corporation, to hold on behalf of Her Majesty in right of Canada, in consideration for 100 common shares of the corporation.

This transaction did not change the ultimate beneficial ownership of these interests by the Government of Canada and merely represented the transfer of responsibility for these investments to the corporation. Accordingly, this transaction was accounted for at the cost to the Government of Canada of the original investments together with subsequent capital contributions and the Government's equity in undistributed earnings or losses since acquisition by the Government.

The corporation's financial statements have been prepared as if the corporation had held these investments from the date of their acquisition by the Government.

The resulting value of the investments is as follows:

	Original Cost and Capital Contributions	Equity in Income (Losses) Since Acquisition by the Government: Beginning Balance	Period ended March 31, 1983	Period ended December 31, 1983	Capital Transactions Current Period	Investments
		(in thousands of dollars)				
(a) Non-consolidated subsidiaries						
Canadair	246,619	7,516	(1,414,922)	(334,211)	240,000	(1,254,998)
de Havilland	240,793	22,299	(265,159)	(236,474)	60,000	(178,541)
Eldorado (restated)	308,247	(54,016)	3,592	9,958	(10,000)	257,781
	795,659	(24,201)	(1,676,489)	(560,727)	290,000	(1,175,758)
(b) Portfolio investment Series D Preferred Shares of Massey-Ferguson	126,349					126,349
	922,008					(1,049,409)

The Government of Canada has guaranteed certain financial arrangements of Canadair and de Havilland with financial institutions. The Government has placed a maximum limit of $1,350 million as to Canadair, and $450 million as to de Havilland on these guarantees.

Forecast cash requirements indicate that, without additional financing arrangements, the total debt for which the subsidiaries expect to need Government guarantees will exceed the authorized limits of $1,350 million and $450 million in 1984. Additional capital subscriptions or an increase in the guarantee limit, or both, and indirect government support will be necessary to ensure that they will continue as a going concern, the basis on which their financial statements have been prepared.

(Reference should be made to Note 2 to the financial statements of Canadair and de Havilland for a discussion of these matters.)

In order to address the needs of Canadair and de Havilland for additional funding, on March 29, 1984 the Government of Canada provided $310 million for Canadair and $240 million for de Havilland.

On May 4, 1983, the preferred share capital of Eldorado was reduced by $10 million and that amount was distributed in cash to the corporation and was added to working capital.

The corporation believes that there is a possibility that the cost of its investment in Massey-Ferguson, as reflected in these financial statements, exceeds the value of that investment; however, the specific value of this investment is not reasonably estimable at this time.

5. Payable to Government of Canada

A non-interest bearing loan of $500,000 was made in the period ended March 31, 1983 to the corporation by the Minister of Finance out of the Consolidated Revenue Fund of the Government of Canada for working capital. The loan was repaid on January 10, 1984.

6. Other income (expense)—Net

Other expenses are shown net of income aggregating $2,237,000 as follows:

	December 31, 1983	March 31, 1983
	(in thousands of dollars)	
Service fees from subsidiaries	1,687	562
Interest earned on short-term investments	550	2
	2,237	564

7. Share capital and contributed surplus

Pursuant to the Canada Business Corporations Act, the directors have allocated $1,001 to the stated share capital of the corporation as follows:

(a) Incorporation

One common share of the corporation was issued upon incorporation of the corporation for cash consideration of $1.

(b) Transfer of investments

One hundred common shares of the corporation were issued to the Government of Canada upon the transfer to the corporation of the Government's holdings in the shares of the non-consolidated subsidiaries and the portfolio investment. The directors of the corporation allocated $1,000 in stated capital to these one hundred common shares issued. Contributed surplus in the amount of $922,007,000 at March 31, 1983 is the allocation of the difference between (i) the cost of the investments transferred from the Government of Canada in the amount of $522,008,000 plus capital contributions from the Government to the subsidiaries of $400,000,000 in December, 1982, and (ii) the $1,000 allocated to stated capital.

8. Directors and Officers Remuneration

	Directors' Fees	Salaries and Benefits	Bonuses	Other	Total
	(in thousands of dollars)				
Remuneration of Directors Number of Directors: 19 Incurred by the corporation	105(1)				105
Remuneration of Officers Number of Officers: 7 Incurred by the corporation		575	82(2)	30(3)	687
Total	105	575	82	30	792

Note 1 Directors fees have been accrued for the period from incorporation to December 31, 1983 in the amount of $146. These fees have not been paid pending approval by the Treasury Board.

Note 2 The amount of bonuses payable to the above persons was accrued on an estimated basis and will be paid in 1984.

Note 3 The estimated cost to the Corporation in 1983 of the benefits proposed to be paid under a Registered Retirement Plan was $30.

9. Lease commitments

Lease commitments under operating leases for office premises with terms of more than one year total $2,294,000. The aggregate annual minimum lease payments under these arrangements are as follows:

	(in thousands of dollars)
1984	866
1985	850
1986	449
1987	129
	2,294

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

10. Change in Accounting Policies

Eldorado has retroactively changed its method of accounting for depreciation and foreign exchange. Eldorado considers that the new method of accounting for depreciation more appropriately depreciates processing assets. The change in the method of accounting for foreign exchange leaves Eldorado in conformance with section 1650 of the CICA Handbook. The changes have been applied retroactively and as a result the deficit of the corporation has been adjusted as follows:

	December 31, 1983	March 31, 1983
	(in thousands of dollars)	
Retained earnings (deficit) at beginning of period		
—As previously reported	(1,702,692)	(25,969)
—As restated for change in accounting for		
—Depreciation	2,931	2,153
—Foreign exchange	(1,571)	(385)
As restated	(1,701,332)	(24,201)

11. Comparative Figures

Certain March 31, 1983 comparative figures have been reclassified to conform with the financial statement presentation for December 31, 1983.

12. Subsequent Event

The Government of Canada has announced that companies acquired by it pursuant to the Atlantic Fisheries Restructuring Act would ultimately be transferred to Canada Development Investment Corporation.

APPENDIX 1

CANADAIR LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDER OF
CANADAIR LIMITED

We have examined the consolidated balance sheet of Canadair Limited as at December 31, 1983 and the consolidated statements of income (loss) and retained earnings (deficit) and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have been asked by the company to give an audit opinion in the form required by section 77 of the Financial Administration Act. Accordingly, we further report that in our opinion proper books of account have been kept by the company, the financial statements are in agreement therewith, and the transactions that have come under our notice have been within the powers of the company.

THORNE RIDDELL
Chartered Accountants

Montreal, Canada
February 10, 1984

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current Assets		
Cash	5,115	5,497
Accounts receivable	35,248	43,045
Contracts and programs in process and inventories less advances and progress billings (Notes 3 and 4)	149,838	127,651
Prepaid expenses	2,358	5,040
	192,559	181,233
Property, Plant and Equipment (Note 5)	120,931	118,353
Less: accumulated depreciation	66,011	60,174
	54,920	58,179
Other Assets		
Term receivable, net of current portion	5,138	5,129
Deferred charges, net (Note 6)	24,111	22,483
	29,249	27,612
	276,728	267,024

LIABILITIES	1983	1982
Current Liabilities		
Bank loans (Note 7)	20,440	10,575
Accounts payable	86,105	79,063
Accrued liabilities	257,269	273,886
Customer deposits	1,386	2,620
Principal due within one year on long term debt	38,874	86,062
	404,074	452,206
Long Term Debt (Note 8)	1,127,652	975,605
SHAREHOLDER'S EQUITY (DEFICIT)		
Capital Stock (Note 9)		
251,700 Preferred shares, Class B	25,170	25,170
3,102,206 Common shares, Class A	17,244	17,244
	42,414	42,414
Contributed Surplus (Note 2)	440,000	200,000
Excess of Appraised Value of Land Over Cost (Note 5)	10,760	10,760
Deficit	(1,748,172)	(1,413,961)
	(1,254,998)	(1,160,787)
	276,728	267,024

Contingencies (Notes 2, 16 and 19)

Approved on behalf of the Board:

GUY J. DESMARAIS
Director

GILBERT S. BENNETT
Director

APPENDIX 1—*Continued*

CANADAIR LIMITED—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND RETAINED EARNINGS (DEFICIT)
YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Sales	387,136	429,379
Cost of sales	364,612	500,971
Gross Margin	22,524	(71,592)
Operating expenses (Note 3)	106,321	73,500
Loss from Operations	(83,797)	(145,092)
Interest and other financing expenses (Note 12)	155,294	215,477
Loss Before Unusual Items and Income Taxes	(239,091)	(360,569)
Unusual items relating to Challenger Program (Note 3)	95,042	1,054,327
Loss Before Income Taxes	(334,133)	(1,414,896)
Income taxes (Note 11)	78	26
Loss For The Year	(334,211)	(1,414,922)
Retained Earnings (Deficit) at Beginning of Year	(1,413,961)	961
Deficit at End of Year	(1,748,172)	(1,413,961)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Source of Funds		
From Operations		
Net Income (Loss)	(334,211)	(1,414,922)
Adjustments for non-cash items		
Depreciation	5,837	6,126
Amortization of deferred charges	13,639	11,981
Unusual items relating to Challenger Program	95,042	1,054,326
Total from Operations	(219,693)	(342,489)
Long term debt, net of discount and expenses of $0.3 million (1982—$22 million)	547,008	620,087
Contributed surplus	240,000	200,000
Decrease in accounts receivable	7,797	22,471
Decrease (Increase) in prepaid expenses	2,682	(1,718)
Total sources, net	577,794	498,351
Uses of Funds		
Additions to equipment	2,578	8,532
Reduction of long term debt	395,268	255,086
Increase in term receivable	9	5,129
Additions to deferred charges	14,960	26,463
Increase (Decrease) in contracts and programs in process and inventories, net	72,249	(25,742)
Decrease (Increase) in accounts payable and accrued liabilities, net	54,555	(59,830)
Decrease in customer deposits	1,234	10,566
Decrease (Increase) in current portion of long term debt	47,188	(35,850)
Total uses	588,041	184,354
Increase in Current Bank Loans, Net of Cash	10,247	313,997

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983

1. Summary of Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to a company as a going concern. The company's ability to continue as a going concern will depend upon obtaining additional financing (see Note 2).

The consolidated balance sheet and consolidated statements of income (loss) and retained earnings (deficit) and changes in financial position include the assets and liabilities, results of operations and changes in financial position of the wholly-owned subsidiaries, Canadair Services Limited, Canadair Inc. and Challenger Aviation Service GmbH.

(b) Accounting for Long Term Contracts and Programs

In accordance with industry practice, work in process under long term government contracts and commercial contracts and programs is classified as a current asset on the balance sheet even though a portion is not expected to be realized within one year.

Government contracts in process are stated at costs incurred (including general and administrative expenses), plus estimated earnings on such costs, less advances and progress billings. Sales and earnings are recognized primarily using the percentage-of-completion method, whereby sales are recorded as costs are incurred or as units are delivered and include that proportion of estimated earnings at contract completion that costs incurred to date bear to estimated costs at contract completion.

Commercial contracts and programs in process, including aircraft programs, are accounted for primarily under the program method of accounting and are stated at actual production costs incurred (including factory overhead and in certain circumstances engineering, support, general and administrative expenses) less advances and progress billings. The allocation of costs to cost of sales for delivered units is based upon the estimated gross profit margin of the units expected to be produced conservatively estimated. Sales and earnings are recognized as units are delivered.

Under long term contracts and programs, the company does not recognize earnings until such time as sufficient production has been accomplished and there is minimum risk in estimating total contract earnings. At such time, earnings are recorded based on the work completed to date. Estimated losses are recorded in full as soon as they are identified. Earnings and losses recorded in the current year may include the cumulative effect of adjustments to prior years' estimates.

Estimated earnings or losses on contracts and programs are determined from projected revenues and manufacturing costs taking into account factors such as expected sales, price levels, production costs and other variables which are beyond the company's control. Because these factors can not be measured with precision, the estimates are subject to periodic revisions. If future assessments indicate that any unamortized costs are not recoverable, the excess will be charged to earnings immediately.

Development costs which qualify for deferral are inventoried and amortized over the number of units to be produced. When the recovery of amounts deferred to future periods becomes uncertain, such costs are written off as a charge to earnings in the year.

APPENDIX 1—*Continued*

CANADAIR LIMITED—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983—*Continued*

Title to work performed under certain contracts in process and to related inventories is vested in the customer in accordance with contract provisions.

Contract and program costs relating to claims by the company arising out of contractual disputes are included in contracts and programs in process when management is of the opinion that the amount of such costs does not exceed the net realizable value of the claims. Losses on claims are recorded in full as soon as they are identified.

(c) Foreign Currency Translation

Foreign currency assets and liabilities, including those of foreign subsidiaries Canadair Inc. and Challenger Aviation Service GmbH, are translated into Canadian dollars in accordance with the temporal method. Under that method, monetary assets and liabilities are translated at the year-end rate; non-monetary assets and liabilities are translated at rates in effect on the dates of the transactions.

Exchange variances resulting from the translation of term bank loans and other long term debt are deferred and amortized over the life of the debt.

(d) Forward Exchange Contracts

Forward exchange contracts entered into by the company are intended to hedge foreign currency transactions; the effect of a change in exchange rates is

(i) included in the determination of net income for the year in which the change occurs, if the life of the contract expires in the current or following fiscal year; or

(ii) amortized over the life of the contract, if the life of the contract extends beyond the end of the following fiscal year.

The discount or premium on such contracts is amortized over the life of the contracts.

(e) Inventories

Inventories of commercial products, materials and spare parts are stated at the lower of average cost or net realizable value.

(f) Property, Plant and Equipment

Buildings, machinery and equipment are stated at cost. Land is stated at the 1974 appraised value net of disposals.

Depreciation is provided principally on a declining balance basis. The depreciation rates for buildings vary from 4% to 10% and for machinery and equipment from 20% to 30%. The depreciation of certain machinery is based on usage over the estimated life of the machinery.

The excess of appraised value of land over cost is reduced proportionately when land is sold.

(g) Unamortized Discount and Expenses on Long Term Debt

Discount and expenses on long term debt are amortized on a straight-line basis over the life of the debt and included in interest and other financing expenses.

(h) Pension Costs

Current service costs under company pension plans are charged to costs incurred as they accrue and are funded as necessary following the most recent actuarial review of the plans. Past service costs are charged to costs incurred over varying periods, as they are funded.

2. Government Guarantees and Financing Requirements

The Government of Canada has the authority to guarantee certain financial arrangements of the company with financial institutions to a maximum of $1,350 million. The company's forecast cash requirements indicate that, without additional financing arrangements, the total debt for which the company expects to need Government guarantees will exceed the authorized limit of $1,350 million in the second quarter of 1984. On December 30, 1982, and June 30, 1983, the Government of Canada contributed $200 million and $240 million respectively to the company's equity account. Additional capital subscriptions or an increase in the guarantee limit, or both, will be necessary to provide the company with the working capital required to ensure that the company will continue as a going concern, the basis on which these financial statements have been prepared. The Government of Canada has confirmed its intention to increase the equity of the company by an amount of $310 million, through approval of additional funding authority included in supplementary estimates to be introduced in the Parliament of Canada before March 31, 1984.

3. Challenger Program

The Challenger 600 program commenced in late 1976 with first flight in November 1978 and type certification in November 1980. Modifications developed through the certification process were incorporated in the aircraft in production during 1981. As a result of continual review and monitoring of production throughout 1982, management determined that the program development process for the Challenger 600 was completed by December 31, 1981 and that commercial production commenced in 1982. Type certification of the Challenger 601 was received in March 1983, and commercial production was determined to have commenced in January 1983. At December 31, 1983, 78 aircraft had been delivered under the Challenger 600 program, and 15 aircraft under the Challenger 601 program.

Prior to 1982, costs such as engineering, development, marketing, product support and general and administrative expenses and financing costs had been included as part of programs in process inventory because management of the company believed at the time that all such inventoried costs would be recovered in the future. Concurrent with the commencement of commercial production on each program, the company ceased charging these costs to programs in process inventory and such costs incurred have been included in operating expenses in the relevant year.

Management determined as at December 31, 1982, that there was no longer reasonable assurance that the inventoried costs discussed in the preceding paragraph would be recovered from future sales and, accordingly, those costs incurred prior to 1982 were written off in 1982 as Unusual items. Unusual items written off in 1982 in the amount of $1,054.3 million also included estimated excess early production cost, development costs for the Challenger 601, provisions for claims, surplus and obsolete materials and other related estimated losses, aggregating $361.2 million. In 1983, $95 million was written off as Unusual items to reduce inventories to estimated net realizable values and to provide for other costs associated with the Challenger Program.

The company is currently producing Challengers at the rate of approximately 1.5 aircraft per month, which rate is believed by management to be consistent with the market prospects for the Challenger. The company is continuing to acquire material, parts and supplies to maintain production at the current rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983—*Continued*

4. Contracts and Programs in Process and Inventories

	1983	1982
	(in thousands of dollars)	
Challenger Program		
Finished goods, including aircraft, less advances of \$15.9 million (1982—\$19.1 million)	69,584	66,915
Work in process, materials, parts and supplies less advances of \$56.9 million (1982—\$147.6 million)	33,372	13,419
	102,956	80,334
Other Commercial Programs, Contracts and Products		
Finished goods including aircraft	19,729	16,479
Work in process, materials, parts and supplies less advances and progress billings of \$39.2 million (1982—\$33.3 million)	19,445	29,089
	39,174	45,568
Government Contracts		
Work in process	7,708	1,749
	149,838	127,651

5. Property, Plant and Equipment

	1983			1982
	Assets	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Buildings, at cost	43,909	18,870	25,039	26,604
Machinery and equipment, at cost	64,954	47,141	17,813	19,507
	108,863	66,011	42,852	46,111
Land, at 1974 appraised value, net of disposals	12,068		12,068	12,068
	120,931	66,011	54,920	58,179

6. Deferred Charges

	1983	1982
	(in thousands of dollars)	
Unamortized expenses and unamortized foreign exchange variance on long term debt	21,610	18,280
Unamortized foreign exchange variance, net of unamortized premium on forward exchange contracts	2,501	4,203
	24,111	22,483

7. Bank Loans

Bank loans (including long term bank loans—Note 8) are secured by a general assignment of accounts receivable and, to a maximum of \$400 million, by trust deeds providing a first fixed charge over land, buildings, machinery and equipment and a floating charge over all other assets of the company.

8. Long Term Debt

	1983	1982
	(in thousands of dollars)	
Loans covered by Government of Canada guarantee or other Government support		
Notes due June 15, 1983 with interest at 8½% (U.S. \$70 million)		86,058
Term loan due October 4, 1984 with interest at 9¾% (U.S. \$30 million)	37,332	36,882
Term bank loan due January 14, 1985 with interest at one year LIBOR plus ⅞% renewed annually and annual payments of principal of U.S. \$1.25 million (U.S. \$22.5 million) (Note 7)		27,662
Term loan due August 22, 1985 with interest at 9¾% (U.S. \$10 million)	12,444	12,294
Term bank loan due May 7, 1986 with interest at LIBOR plus ½% (U.S. \$187.5 million) (Note 7)	233,325	230,513
Term loan due December 1, 1986 with interest at LIBOR plus ⅜% (U.S. \$75 million)	93,330	92,205
Term notes due March 15, 1987 with interest at 15½%, callable after March 15, 1985 at 101% of principal amount; 100½% after March 15, 1986 (U.S. \$150 million)	186,660	184,410
Notes due June 1, 1987 with interest at 16⅜% (U.S. \$50 million)	62,220	61,470
Term bank loan due November 11, 1988 with interest at LIBOR plus ⅜% or U.S. prime rate, revolving to November 11, 1986, with payments equal to 25% of the outstanding balance commencing from May 11, 1987 and continuing semi-annually until maturity (U.S. \$60 million) (Note 7)	74,664	61,470
Syndicated term loan due March 6, 1989, with interest at LIBOR plus ⅜% or U.S. prime rate to March 12, 1985 and LIBOR plus ½% or U.S. prime rate plus ⅛% thereafter, revolving to March 6, 1987, with payments equal to 25% of the outstanding balance commencing from September 6, 1987 and continuing semi-annually until maturity (U.S. \$50 million)	62,220	122,940
Notes due November 15, 1989 with interest at 12½%, callable at a maximum of 105% of principal amount (U.S. \$175 million)	217,770	215,145
Term loans due March 22, 1992 with interest at prime rate less ¾%, revolving until March 22, 1987, with payments equal to 5% of the outstanding balance commencing from March 22, 1988 and continuing semi-annually with the balance repayable at maturity	42,444	20,000
Term loan due March 22, 1992 with interest at prime rate less ¾%, with payments equal to \$5 million commencing from March 22, 1988 and continuing semi-annually with the balance repayable at maturity	100,000	
Discounted note due April 26, 1992 with interest at 8½% (U.S. \$30 million)	37,332	36,882
Less unamortized discount on issuance of long term debt	(10,455)	(11,741)

APPENDIX 1—*Continued*

CANADAIR LIMITED—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983—*Continued*

Loans not covered by Government guarantee or other Government Support		
Mortgage loan due January 1, 1994 with interest at 7⅛% to January 1, 1989 and 7¼% thereafter with semi-annual payments commencing January 1, 1987 (U.S. $6 million)	7,466	7,376
Defence Industry Productivity Programs funding	2,063	1,863
Other	7,711	6,238
Total long term debt	1,166,526	1,191,667
Less funds held on deposit at December 31, 1982 obtained from contributed surplus, used for reduction of long term debt prior to January 26, 1983		(130,000)
	1,166,526	1,061,667
Less principal included in current liabilities	(38,874)	(86,062)
	1,127,652	975,605

Estimated repayments on long term debt in the years 1984 to 1988, inclusive, are as follows:

	(in thousands of dollars)
1984	38,874
1985	14,684
1986	328,628
1987	343,970
1988	139,819

9. Capital Stock

The company's authorized capital consists of an unlimited number of Class A common shares and Class B redeemable preferred shares with a non-cumulative dividend entitlement of 4¼% of their paid-up value. The Class B shares are convertible into Class A shares at the rate of three Class A shares for one Class B share.

10. Lease Commitments

Future lease commitments under operating leases with terms of more than one year are as follows:

	(in thousands of dollars)
1984	13,645
1985	5,286
1986	1,739
1987	658
1988	595
Subsequent years to 2024	14,740
	36,663

Certain of the foregoing lease commitments have been provided for in accrued liabilities as at December 31, 1983.

11. Income Taxes

As at December 31, 1983, the company has a tax loss carried forward of $1,391 million, $1,121 million of which is available to offset taxable income for taxation years through 1987. The balance of $270 million, representing the company's 1983 tax loss, is available for carry forward through 1990.

In addition, the company has unclaimed capital costs of depreciable assets for tax purposes of $147 million in excess of book value and additional expenses unclaimed for tax purposes of $282 million available for use in future years in determining taxable income.

The potential future benefit of the foregoing items is not recorded in the accounts.

12. Interest and Other Financing Expenses

Interest and other financing expenses consist of the following:

	1983	1982
	(in thousands of dollars)	
Interest on long term debt (including amortization of discount on issuance of long term debt)	133,797	147,673
Interest on other debt	6,554	44,303
Foreign exchange	14,943	23,501
	155,294	215,477

13. Pension Plans

The company's pension plans cover most employees. Pension costs incurred in the current year, including the funding of liabilities resulting from the most recent plan amendments and actuarial reviews, did not exceed the accumulated surpluses of the plans, and consequently no contribution was required by the company (1982—$1.5 million).

14. Sales by Class of Business

Substantially all of the company's operations are in the aerospace industry. Sales are distributed as follows:

	1983	1982
	(in thousands of dollars)	
Aircraft	370,091	409,778
Surveillance systems	12,595	15,301
Other	4,450	4,300
	387,136	429,379

The company had export sales in 1983 of $342.8 million (1982—$371.4 million).

15. Related Party Transactions

The company is a wholly-owned subsidiary of Canada Development Investment Corporation, a Crown corporation, and is dependent on the Government of Canada for its financing requirements (Note 2).

Sales to the Government (including entities controlled by the Government) amounted to $18.3 million in 1983 (1982—$42.1 million). Amounts due from and owing to the Government at December 31, 1983 are $2.5 million and $26.2 million, respectively (1982—$7.1 million and $24.5 million, respectively). Related party sales during the year were made on the same terms and conditions as similar sales to unrelated parties. A management fee of $1.2 million was paid to Canada Development Investment Corporation in 1983.

16. Government Assistance

In 1983, the company received from the Government of Canada $6.2 million (1982—$38.6 million) under established Government programs to finance production programs and equipment acquisitions. Of the assistance received in 1982, $33.6 million is repayable by way of a royalty on each unit delivered and paid for under a specific production program. All other assistance is repayable as to 50% by scheduled installments and as to the balance from any profits realized on the related production contracts. Amounts payable from 1983 production have been provided for in the 1983 accounts.

APPENDIX 1—*Concluded*

CANADAIR LIMITED—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983—*Concluded*

17. Sales Agents' Remuneration

During the year, remuneration and expenses paid to the following sales agents and representatives, including payments made for technical and operational services in connection with foreign sales, aggregated $2.1 million (1982 $1.7 million):

M. Augustin, France; Avionic, Greece; Commonwealth Group Incorporated, U.S.A.; Compania Importazioni Exportazioni Rappresentage, Italy; Dismatica Industrial CA, Venezuela; East Asiatic Co., Hong Kong; S. Kittivat R.O.P., Thailand; Metropolitan Airmotive Corp., U.S.A.; Salta Aviation S.A., Venezuela.

18. Directors and Officers' Remuneration

The following table shows the remuneration paid by the company during 1983 to the directors (as such) and the officers (as such) who held office at December 31, 1983:

Nature of Remuneration Earned

	Directors' Fees	Salaries and Benefits	Total
	(in thousands of dollars)		
Remuneration of 12 directors (as such)	120.8		120.8
Remuneration of 14 officers (as such)		1,659.8	1,659.8
	120.8	1,659.8	1,780.6

The company's management structure was reorganized during 1983, as a result of which five officers left the employ of the company and eight officers were reclassified as management personnel. The salaries and benefits of the thirteen former officers (as such) during the year totalled $1,800 thousand, exclusive of amounts paid as retirement entitlements to the five officers who left the employ of the company.

The salaried employees of the company may contribute, on an optional basis, to the Employees' Savings and Investment Plan. The company also contributes to the Plan a certain percentage of the employees' contributions, which amounts become vested after a period of three years. Amounts contributed by the company during the year for the fourteen officers who held office at December 31, 1983, aggregated $72.5 thousand. Amounts contributed by the company during the year for the above mentioned thirteen former officers aggregated $39.7 thousand.

19. Litigation

On May 30, 1983, the company filed suit in the Province of Quebec against the Avco Corporation of Greenwich, Connecticut, U.S.A. for damages in the amount of $109.6 million. The company's suit alleges a failure by Avco to fulfill contract obligations involving the development, manufacturing and delivery of engines for the Challenger 600 aircraft. On August 3, 1983, Avco filed suit against the company in the State of Connecticut claiming U.S. $100 million on the basis of the company's alleged unilateral termination of the Challenger 600 engine contract, non-payment of monies owed and damages to Avco's reputation. In addition, Avco claims unspecified punitive damages. On December 21, 1983 the company amended its action against Avco, increasing the damages claimed to $480 million. Any proceeds or costs that may result from such claims will be recorded in the year of settlement.

On August 2, 1983, the company received from TAG Finances S.A. et al a formal request for arbitration before the International Chamber of Commerce. The request contained a claim against the company for damages in connection with the Challenger 600 program and for an injunction or further damages relating to the Challenger 601 program. A settlement was reached between the parties on January 11, 1984, under which TAG will remain a distributor of Challenger aircraft. All costs associated with this settlement have been reflected in the financial statements of the company for the year ended December 31, 1983.

20. Subsequent Event

Under recently-enacted tax legislation, the company is entitled to transfer to a designated party a tax credit equal to 50% of the company's qualified expenditures on scientific research incurred in the period from April 20, 1983 to December 31, 1984. Pursuant to that legislation, the company has entered into an agreement under which the company will transfer a tax credit of $12.5 million to a third party, and will receive net proceeds of $12.4 million, which will be included in income in 1984. The company has no prospect of being able to benefit directly from this credit in 1984 because of tax losses carried forward (Note 11).

21. Comparative Figures

Certain 1982 comparative figures have been reclassified to conform with the financial statement presentation for 1983.

APPENDIX 2

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED

We have examined the consolidated balance sheet of The de Havilland Aircraft of Canada, Limited as at December 31, 1983 and the consolidated statements of income (loss) and retained earnings (deficit) and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

We further report that, in our opinion, proper books of account have been kept by the corporation, the financial statements are in agreement therewith, and the transactions that have come under our notice have been within the powers of the corporation.

DELOITTE HASKINS & SELLS
Auditors

March 30, 1984

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current Assets		
Cash and short-term deposits (Note 5)	950	910
Accounts receivable (Note 6)	13,485	13,253
Notes receivable	130	2,307
Inventories (Note 7)	183,669	239,525
Prepaid expenses	1,435	3,597
	199,669	259,592
Property, plant and equipment (Note 8)	52,105	54,382
	251,774	313,974

LIABILITIES	1983	1982
Current Liabilities		
Bank indebtedness	311	829
Accounts payable	12,481	12,781
Accrued charges and provisions	113,319	74,643
Deposits on sales contracts	18,289	17,436
	144,400	105,689
Long-term debt (Note 9)	285,890	210,322
Deferred income taxes	25	30
	430,315	316,041
CAPITAL DEFICIENCY		
Share capital (Note 10)		
Authorized		
50,000 Class A shares without par value		
10,000 Class B common shares without par value		
Issued		
32,000 Class A shares and 10,000 Class B common shares	306	306
Contributed surplus (Note 11)	260,000	200,000
Deficit	(438,847)	(202,373)
	(178,541)	(2,067)
	251,774	313,974

Contingencies (Notes 2 and 17)

Approved by the Board:

J. W. SANDFORD
Director

T. GENEST
Director

APPENDIX 2—*Continued*

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983 (12 months)	1982 (7 months)
Sales	121,737	151,588
Expenses		
Cost of products and services	121,876	162,010
Selling and general administration	35,543	20,118
Sustaining development and research	3,752	3,696
	161,171	185,824
(Loss) from operations	(39,434)	(34,236)
Deferred charges written off (Note 3)	87,347	196,473
Interest on long-term debt	29,551	35,363
Inventory provision (Note 4)	80,000	
Income (loss) before income taxes	(236,332)	(266,072)
Income taxes (recovery)	142	(913)
Net income (loss)	(236,474)	(265,159)
Retained earnings (deficit) at beginning of period	(202,373)	62,786
Retained earnings (deficit) at end of period	(438,847)	(202,373)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (NOTE 1) FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983 (12 months)	1982 (7 months)
Source of Funds		
From operations		
Net income (loss)	(236,474)	(265,159)
Adjustments for non-cash items		
Depreciation	4,617	2,346
Amortization of deferred charges		5,058
Deferred charges written off		147,887
Building and machinery written off		5,347
Inventory provision (Note 4)	80,000	
	(151,857)	(104,521)
Decrease (increase) in notes receivable	2,177	(218)
Increase in long-term debt (Note 9)	75,568	208,696
Increase in contributed surplus (Note 11)	60,000	200,000
Decrease in prepaids	2,162	215
Decrease in inventories	20,856	26,303
Increase (decrease) in customer deposits	853	(5,328)
	9,759	325,147
Uses of Funds		
Additions to property and equipment	2,340	9,019
Increase (decrease) in accounts receivable	232	(771)
Decrease in accounts payable and accrued charges and provisions	6,629	18,020
	9,201	26,268
Net increase in funds	558	298,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1983

(All dollar amounts other than share data are stated in thousands)

1. Significant Accounting Policies

The consolidated financial statements, have been prepared in accordance with accounting principles generally accepted in Canada, and reflect the following significant policies:

Basis of Financial Statement Presentation and Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary, De Havilland Canada, Inc. The statement of Changes in Financial Position defines funds as cash less short-term bank loans. In prior years the definition of funds was working capital.

Nature of Business

The company is primarily engaged in the business of development, manufacture, and sale of aircraft and spare parts.

Inventories

Inventories are stated as follows

Raw materials—At the lower of average cost and net realizable value.

Work in progress, finished aircraft, spare parts, goods in transit, and sub-contract progress payments—At the lower of cost and net realizable value.

All inventories, net of customer progress payments, and including that portion not expected to be realized within one year, are included in current assets.

Program Accounting

With respect to new programs, the cost of each aircraft sale and inventories of work in progress and finished aircraft is determined using the program average production cost method. The cost of sale for a particular aircraft delivered is computed at the percentage of the published selling price that the total of the estimated production costs for the entire aircraft program bears to the total estimated sales prices for the total program. This same method is used in establishing costs for inventory purposes for completed aircraft and those in process of manufacture.

Production costs incurred early in a program, which are greater than the estimated program average production costs, are transferred to deferred charges. These deferred charges, together with deferred development and tooling costs, are amortized over the estimated breakeven number of aircraft.

Such deferred charges are periodically reviewed throughout the life of the respective programs and adjusted to estimated net realizable value if necessary.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. When the cost of an individual asset exceeds $1,000, interest is capitalized at the cost of corporate borrowings on deposits or progress payments made during the period of construction or purchase. Depreciation is provided for on a straight-line basis so as to amortize the cost of depreciable assets over their estimated useful lives.

Revenue Recognition

(a) Revenue from aircraft sales is recorded upon acceptance and payment in full for the aircraft by the customer.

(b) The company undertakes some research and development under contract which provides for the company to bill the customers as costs are incurred; such amounts are recorded as sales.

APPENDIX 2—*Continued*

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

Translation of Foreign Currency

Foreign currencies in these financial statements are translated into Canadian dollars as follows:

(a) Current assets and current liabilities, except for progress payments and deposits on sales contracts—At the rate of exchange prevailing at the balance sheet date.

(b) Other assets and liabilities, sales, expenses, progress payments and deposits on sales contracts—At a rate approximating the rate of exchange prevailing on the dates of the transactions.

Pensions

The company has a number of retirement plans covering substantially all of its employees. Costs of these plans are charged to earnings and funded on the basis of actuarial calculations made every three years. Current service costs are charged to earnings on a current basis. Past service costs are being funded and charged to earnings over periods up to 15 years from the dates such costs were established.

2. Government Guarantees and Financing Arrangements

On March 29, 1984, the Government of Canada contributed $240,000 to the company's equity account while retaining the authority to guarantee certain financial arrangements of the company with financial institutions to a maximum of $450,000. The Board of Directors of the company believes that the Dash 8 program is critical to de Havilland and that additional direct or indirect government support will be necessary in order to continue that program. In view of the equity contribution and of advice received from the Minister responsible for de Havilland as to the likelihood that the additional support will be provided by government, these financial statements have been prepared on the basis that the company will continue as a going concern.

3. Deferred Charges

Certain costs applicable to the Dash 8 are deferrable depending upon forecasts of sales and costs for many years into the future, taking into account such factors as expected sales volumes, prices, production costs, interest rates and exchange rates. All such factors are subject to variations and many are beyond the company's control. Due to the current uncertain economic and market conditions, the company believes that these factors cannot be quantified with sufficient precision to project reasonably the long-term position of the Dash 8 program. Accordingly, since there is no reasonable assurance that the deferrable charges of $87,347 incurred in 1983 will be recovered, they have been written off.

4. Inventory Provision

The company has inventories on hand, or contracted for, in excess of the amounts required for currently forecasted sales. An allowance of $80,000 has been made for this excess. The allowance has given consideration to estimated proceeds from future sales or disposals and estimated costs to finalize commitments to suppliers. To the extent that inventory for which an allowance has been made is sold, corresponding income will result.

5. Cash and Short-Term Deposits

Short-term deposits in the amount of $875 (1982—$795) are assigned as security for amounts owing to a commercial bank by the company's customers and prospective customers.

6. Accounts Receivable

	1983	1982
Trade	12,743	11,133
Interest on notes receivable	98	1,434
Interest on short-term deposits	9	10
Other	635	676
	13,485	13,253

7. Inventories

	1983	1982
Raw materials	45,806	69,060
Work in progress	66,911	99,904
Finished aircraft	58,180	57,536
Spare parts	21,800	23,245
Goods in transit	1,905	3,515
Sub-contract progress payments	2,573	343
	197,175	253,603
Customer progress payments	(13,506)	(14,078)
	183,669	239,525

8. Property, Plant and Equipment

	Cost	Accumulated Depreciation	Net Book Value	Depreciation Rates
Land	10		10	
Buildings	47,939	10,851	37,088	4%
Property improvements	2,913	816	2,097	4%
Machinery and equipment	28,416	15,688	12,728	12 ½%-20%
Transportation equipment	1,124	942	182	25%
	80,402	28,297	52,105	

9. Long-Term Debt

Bank borrowings of $285,890 include $281,302 guaranteed by the Government of Canada for extendable revolving term loans that bear interest at rates which fluctuate with bank prime or money market rates.

10. Share Capital

Each Class A share is equivalent to each Class B common share in all respects, except that each Class A share is entitled to a non-cumulative preferential dividend of $2 in any year in which dividends are paid on Class B shares. After payment of such a dividend, both classes of shares participate fully in other dividends.

11. Contributed Surplus

On June 30, 1983, the Government of Canada contributed $60,000 to the company.

12. Export Sales

Sales to foreign customers amounted to $107,656 for the year ended December 31, 1983, and $144,399 for the seven months ended December 31, 1982.

APPENDIX 2—*Continued*

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

13. Income Taxes

At December 31, 1983, losses carried forward for tax purposes aggregating $183,684 are available for the reduction of future years' taxable income. These losses expire as follows:

1984	22,409
1985	22,711
1986	11,758
1987	55,501
1990	71,305
	183,684

In addition, the company has recorded depreciation in excess of capital cost allowance claimed for tax purposes of approximately $83,831, and has deferred research and development expenses of approximately $155,500. These amounts are also available for reduction of future years' taxable income.

No recognition has been given in these financial statements to the potential tax savings which could result from the utilization of the above items.

14. Subsequent Event

On February 28, 1984, the company transferred to third parties scientific research tax credits relating to 1983 and 1984. This has resulted in net proceeds to the company of $36,400 and will be applied against expenses in 1984.

15. Pension Plan

Based on an actuarial estimate as at December 31, 1983, the estimated present value of the unfunded past service costs not charged to earnings at December 31, 1983, amounts to $7,288 of which $1,510 was vested.

16. Commitments

(a) Lease Commitments

Lease commitments under operating leases with terms of more than one year total $6,132 and are payable as follows:

1984	1,533
1985	1,488
1986	1,177
1987	974
1988	960
	6,132

(b) Capital Commitments

Capital expenditures committed but not expended as at December 31, 1983, amount to approximately $418.

(c) Purchase Commitments

The nature of the company's business requires that it make substantial purchase commitments in anticipation of production and sales of aircraft. At December 31, 1983, such commitments amount to approximately $245,000.

Under an agreement for purchase and repurchase, the company has sold engines to a financial institution at cost with an obligation to repurchase the engines in the future. The company is charged interest at bank prime on the total commitment.

	1983	1982
Repurchase commitment	11,059	12,056
Interest expense	1,276	1,604

17. Contingencies

(a) As indicated in Note 3, the ultimate results of the Dash 8 program cannot be determined at this time. If future program assessments indicate that future losses on the program will arise, a provision will be made at that time.

(b) A significant reduction in orders for aircraft has necessitated slow-downs and cut-backs in production. A number of suppliers with whom the company has contractual purchase commitments have filed claims for damages resulting from these revised production schedules. The company has made provision for costs expected to be incurred in settling these claims. However, because of the complexity of negotiations and the many variables involved, some of which depend on future events, the liability with respect to such suppliers' claims cannot be quantified with precision. The ultimate settlement with the suppliers could be greater or less than the amount provided and, therefore, adjustments to this provision may be required.

(c) Contingent liabilities arising from sales are $64,000. Of this total, guarantee arrangements and conditional repurchase agreements amount to $60,000 and the balance of $4,000 represents obligations for promissory notes from customers sold to banks. The company has recourse to transaction-related assets for substantially all of these contingent liabilities.

(d) The total amount of current and past government participation which is contingently repayable amounts to $107,320. No provisions have been made in the accounts for this contingency as repayment is dependent on future profits, sales or profitability of various programs and future reinvestment in company research and development programs.

(e) A customer may be in a position to justify a claim against the company arising from a representation, which may have been inaccurate, contained in an aircraft sales contract consummated in a prior period. No provision has been made for such a potential claim since legal counsel has advised that no estimate can be made of the amount, if any, which the customer might successfully claim, but that the amount would not exceed $15,000. Any amount ultimately paid by the company would be treated as a prior period adjustment. Information relevant to this matter was improperly withheld from the company, and, if that information had been available, the disclosure set out above would have appeared in the financial statements for the periods ended May 31, 1982 and December 31, 1982.

18. Related Party Transactions

The Canada Development Investment Corporation (a Crown corporation) owns all, except one, of the company's outstanding shares. During the year ended December 31, 1983, sales of products to various Federal agencies and departments and Crown corporations amounted to $6,581 (seven months ended December 31, 1982—$5,141).

Management fees paid to Canada Development Investment Corporation amounted to $1,000 (seven months ended December 31, 1982—nil).

In the year ended December 31, 1983, the company received $2,950 (seven months ended December 31, 1982—$2,784) under various Government of Canada assistance programs.

APPENDIX 2—*Concluded*

THE DE HAVILLAND AIRCRAFT OF CANADA, LIMITED—*Concluded*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

The major grants were accounted for as follows:

	1983	1982
Development—Included in sales	2,387	1,570
Assistance for capital purchases—Reduction in equipment costs	163	1,084
Export market development and manpower training—Reduction of expenses	400	130
	2,950	2,784

The company has accrued $7,334 (December 31, 1982—$6,947) for repayment of assistance received from the government.

19. Directors' and Officers' Remuneration

	Directors' fees	Remuneration	Bonuses paid	Others	Total
Directors					
Number of directors: 11[1]	58				58
Officers					
Number of officers: 12		1,180	155	252[2]	1,587
Total	58	1,180	155	252	1,645

[1] Includes 3 directors who received no director's fees.

[2] Retirement allowance $40 and aggregate cost of pension plan benefits $212.

20. Commercial Practice

During 1983 the company had 92 agreements relating to marketing and sales with representatives, consultants, and distributors, to whom commissions and fees may be payable; payments in 1983 aggregated $11,960 of which $4,686 was in respect to obligations incurred prior to 1983. For reasons of commercial confidentiality the company does not publish the names of its representatives, consultants, and distributors.

21. Comparative Figures

Prior period figures have been reclassified to conform to the current year presentation.

APPENDIX 3

ELDORADO NUCLEAR LIMITED

REPORT OF MANAGEMENT'S ACCOUNTABILITY

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management and the Board of Directors of the company. The financial statements were prepared by management in conformity with Canadian generally accepted accounting principles considered to be appropriate in the circumstances.

Eldorado maintains internal accounting controls which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that reliable financial information is produced. To prevent conflicts of interest on the part of employees and to ensure that there is no unauthorized disclosure by employees of confidential information, the company also has a "Code of Ethics". The company has an internal auditing department, whose functions include reviewing the systems of control to ensure they are adequate and functioning properly.

Annually, the consolidated financial statements are examined by the company's external auditors. Their examination is made in accordance with generally accepted auditing standards and includes a review and evaluation of the company's system of internal accounting controls and such tests and other procedures as they deem necessary to provide reasonable assurance as to the fairness of the financial statements.

The Board of Directors, through its Audit Committee, is responsible for reviewing and monitoring the company's accounting and reporting practices. The Audit Committee, comprised solely of outside directors, meets with management and both the internal and external auditors to satisfy itself that their responsibilities are properly discharged. Both the internal and external auditors have free access to this committee to discuss the results of their work and their opinions on the adequacy of the internal accounting controls and the quality of financial reporting.

AUDITORS' REPORT

TO THE SHAREHOLDER

We have examined the statement of consolidated financial position of Eldorado Nuclear Limited as at December 31, 1983 and the statements of consolidated earnings and retained earnings and changes in consolidated financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for depreciation charges and foreign currency translation as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Company, the financial statements are in agreement therewith and the transactions that have come under our notice have been within its statutory powers.

COOPERS & LYBRAND
Chartered Accountants

Ottawa, Canada
February 6, 1984

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT DECEMBER 31
(in thousands of dollars)

	1983	1982
Current assets		
Cash and short-term investments	9	148,791
Accounts receivable	41,437	20,081
Income taxes receivable	26,171	25,434
Mine concentrates on loan		1,572
Inventories	111,228	113,846
Supplies	9,762	9,800
Prepaid expenses	197	200
	188,804	319,724
Current liabilities		
Bank loans and advances	38,108	
Accounts payable	48,566	55,585
Long-term debt due within one year	80,093	47,167
Provision for mine shutdown	28,920	32,937
	195,687	135,689
Working capital (deficiency)	(6,883)	184,035
Non-current assets		
Investment in joint venture	202,064	162,603
Property and equipment	504,715	376,843
Deferred charges	15,981	6,525
Other assets	3,641	12,861
	726,401	558,832
Capital employed	719,518	742,867
Represented by		
Long-term debt	439,956	460,201
Other liabilities	510	3,938
Provision for reclamation	21,271	20,905
	461,737	485,044
Shareholder's equity		
Share capital	296,586	306,586
Retained earnings (deficit)	(38,805)	(48,763)
	257,781	257,823
Total financing of capital	719,518	742,867

The accompanying notes to Consolidated Financial Statements are an integral part of this statement.

Approved by the Board of Directors:

MARCEL BÉLANGER

N. M. EDIGER

APPENDIX 3—*Continued*

ELDORADO NUCLEAR LIMITED—*Continued*

STATEMENT OF CONSOLIDATED EARNINGS AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Revenue		
Sales of products and services	154,047	88,818
Expenses		
Cost of products and services sold	103,653	57,810
Exploration	5,015	5,495
Research and development	2,645	2,780
Administration	6,875	6,281
Financing expense	20,938	27,114
Other expense (income)	(3,456)	(18,140)
Total expenses	135,670	81,340
Earnings before taxes	18,377	7,478
Income taxes and mineral royalties	8,419	3,886
Net earnings	9,958	3,592
Retained earnings (deficit) as restated	(48,763)	(52,355)
Retained earnings (deficit) at end of year	(38,805)	(48,763)

The accompanying notes to Consolidated Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Sources of funds		
Revenue	154,047	88,818
Decrease (increase) to accounts receivable	(21,356)	(4,156)
	132,691	84,662
Increase to debt	68,108	268,845
Working capital received on acquisition		85,497
Disposal of aircraft	1,500	
Interest income on investments	5,882	7,945
Total sources of funds	208,181	446,949
Applications of funds		
Production costs	87,516	71,719
Royalties	8,419	3,886
Financing expense	20,938	27,114
R & D, exploration and administration	14,094	14,013
Additions to property and equipment	143,304	117,874
Investment in joint venture	39,461	31,396
Additions to deferred charges	10,491	3,642
Debt repayment	5,201	41,371
Reduction of share capital	10,000	
Increase (decrease) to taxes receivable	737	
Increase (decrease) to supplies and prepaids	(41)	(868)
Decrease (increase) to accounts payable	7,019	(23,423)
Beaverlodge shutdown	9,698	13,100
Other	126	2,051
Total applications of funds	356,963	301,875
Net increase (decrease) to cash	(148,782)	145,074
Cash balance at beginning of year	148,791	3,717
Cash balance at end of year	9	148,791
Net increase (decrease) to cash represented by		
Funds generated from operations	36,756	9,057
Other sources (applications) of funds	(185,538)	136,017
Net increase (decrease) to funds	(148,782)	145,074

The accompanying notes to Consolidated Financial Statements are an integral part of this statement.

STATEMENT OF ACCOUNTING POLICIES

The accompanying consolidated financial statements were prepared by management in conformance with Canadian generally accepted accounting principles considered to be appropriate in the circumstances, after giving retroactive effect to the changes in the method of recording foreign exchange and depreciation, and have been applied on a basis consistent with that of the preceding year. A summary of significant accounting policies of the company is presented to assist the reader in interpreting the statements contained herein.

Consolidation

The consolidated financial statements include the accounts of Eldorado Nuclear Limited and its wholly-owned subsidiaries.

Inventories

Inventories of mine concentrates, refined and converted products are valued at the lower of weighted average cost or net realizable value. Cost for customer-owned products is the cost of the refining and conversion processes only.

Inventories of mine concentrates are initially measured and accounted for in the financial statements when the material is sealed in containers upon completion of the milling process.

Supplies

Operating and general supplies are carried at lower of cost or market.

Property and Equipment

Assets are carried at cost. Costs of additions, betterments, and renewals are capitalized. When assets are retired or sold, the resulting gains or losses are reflected in current earnings.

Maintenance and repair expenditures are charged to cost of production.

Investment in Joint Venture

The investment in joint venture, which consists of exploration, development, capital and financing costs of the one-sixth interest in the Key Lake orebodies, is carried at cost.

Depreciation

Except for certain old conversion and refining facilities at Port Hope, the processing and mining buildings and equipment are depreciated according to the unit-of-production method. This method allocates the cost of these assets to each accounting period according to the portion of the processing facilities' total estimated lifetime production recovered in that period in the case of processing assets and the mine's total estimated ore reserves recovered in that period in the case of mining assets.

Mobile mining equipment, old conversion and refining assets and other assets are depreciated according to the composite straight-line method based on the estimated useful lives of these assets, which ranges from three to 10 years.

Capitalization of Interest

Interest costs on funds borrowed to finance the development and construction of major assets are capitalized during the development and construction period until such time as a commercial level of production is achieved.

Mine Development and Preproduction Costs

Certain mine development and processing facility costs associated with capacity additions are deferred until a commercial level of production is achieved. These costs are then amortized over 10 years in the case of processing assets, and according to the unit-of-production

APPENDIX 3—*Continued*

ELDORADO NUCLEAR LIMITED—*Continued*

STATEMENT OF ACCOUNTING POLICIES—*Concluded*

method in the case of mining assets. Other costs are charged to production as incurred.

Unamortized Financing Costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the debt.

Provision for Reclamation

The estimated costs of decommissioning and reclaiming producing resource properties are accrued and charged to operations according to the unit-of-production method. Actual costs of decommissioning and reclamation are applied to this accrual.

Research and Development and Exploration Costs

Expenditures for applied research and development relative to the products and processes of the company and expenditures for geological exploration programs are charged against earnings as incurred.

Sales of Products and Services

In accordance with normal industry practices, the company contracts for future delivery of mine concentrates and conversion services. Sales revenue is recorded in the fiscal year that title passes or, with customer-owned material, when delivery is effected.

Foreign Exchange

Cash and short-term investments, accounts receivable, accounts payable and long-term debt denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at year-end. Income and expenses are translated at rates in effect at the time of the transaction.

For long-term debt denominated in a foreign currency, the change in value in Canadian funds over the year is amortized evenly over the remaining life of the debt. For all other accounts, gains or losses resulting from foreign currency translation are reflected in the statement of consolidated earnings and retained earnings.

Income Tax

The company follows the tax allocation method of providing for income taxes. Taxable income may be different from reported earnings before taxes because certain items of income and expense are recorded in time periods different for tax purposes from those for financial reporting purposes. The difference between the taxes calculated as payable each year and those charged against earnings on the tax allocation method is accumulated and carried forward in the statement of consolidated financial position under the caption Deferred Taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1983

1. Eldorado Nuclear Limited

Eldorado Nuclear Limited is incorporated under the Canada Business Corporations Act, is subject to the Financial Administration Act, the Government Companies Operations Act, is an agent of Her Majesty in Right of Canada, and is wholly-owned by Canada Development Investment Corporation (CDIC).

The Company is primarily engaged in the mining, refining and conversion of uranium for sale as fuel for generating electricity in nuclear power reactors in Canada and other countries.

On October 1, 1982, the company acquired all of the outstanding shares of Gulf Minerals Canada Limited and Uranerz Canada Limited. These two companies were joint owners of the Rabbit Lake mining operations in northern Saskatchewan. In addition, Gulf was the owner of various undeveloped orebodies in the region. The results of the Rabbit Lake operations since the date of acquisition have been included in the Consolidated Financial Statements.

2. Accounting policies

A statement of significant accounting policies of the company is provided in this statement.

3. Changes in accounting policies

The company has retroactively changed its method of accounting for depreciation and foreign exchange.

Except for certain old uranium processing assets, the method of depreciation for processing assets changed from the composite straight-line method to the unit of production method. The company feels this method appropriately depreciates the assets over their useful lives and is consistent with the method used to depreciate mining assets. As a result, the balance of retained earnings at January 1, 1983 has been adjusted by the cumulative amount by which depreciation has been adjusted. Of the adjustment, $778,000 is applicable to 1982 and has been charged to 1982 income. The remainder is applicable to years prior to January 1, 1982, and the balance of retained earnings at that date has been adjusted accordingly.

Long-term debt denominated in foreign currencies has been translated into Canadian dollars at the rate of exchange in effect at December 31, 1983 and retroactively to December 31, 1982. Consequently, the balance of retained earnings at January 1, 1983 has been adjusted by the cumulative amount by which foreign exchange gains and losses have been deferred and amortized. Of the adjustment, $1,186,000 is applicable to 1982 and has been charged to 1982 income. The remainder is applicable to years prior to January 1, 1982, and the balance of retained earnings at that date has been adjusted accordingly.

As a result, retained earnings have been restated as follows:

	1983	1982
	(in thousands of dollars)	
Retained earnings (deficit) at beginning of year		
As previously reported	(50,123)	(54,123)
As restated for change in accounting for:		
depreciation	2,931	2,153
foreign exchange	(1,571)	(385)
As restated	(48,763)	(52,355)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983—*Continued*

4. Other expense and income

	1983	1982
	(in thousands of dollars)	
Income		
Interest on investments	5,882	7,945
Gain on disposal on non-current inventory		12,036
Settlement of other liability	3,428	
Other non-operating items	231	2,231
Expenses		
Non-operating items	(4,130)	(2,886)
Gain (loss) on foreign exchange	(1,955)	(1,186)
Total	3,456	18,140

5. Income taxes and mineral royalties

The provisions for income taxes and mineral royalties were as follows:

	1983	1982
	(in thousands of dollars)	
Income taxes		
Mineral royalties	8,419	3,886
Total	8,419	3,886

The reconciliation between the statutory income tax rate and the company's effective rate of income tax and mineral royalties is as follows:

	Percentage of Pre-tax Earnings	
	1983	1982
Statutory income tax (recovery) rate	50.9	51.8
Resource and depletion allowances	(31.1)	(56.2)
Adjusted income tax (recovery) rate	19.8	(4.4)
Inventory allowance	(9.5)	(53.6)
Non-deductibility of income debenture interest	6.9	21.4
Other	(17.2)	36.6
Effective income tax (recovery) rate	0.0	0.0
Mineral royalties	45.8	52.0
Net effective tax (recovery) rate	45.8	52.0

Provincial mineral royalties, which are not deductible for federal income tax purposes, are calculated in part as a percentage of revenues and consequently the effective rate can fluctuate significantly from year to year.

At December 31, 1983, the company had unrecorded income tax debits of approximately $50 million to be applied against future taxable earnings. These debits arise from depreciation costs exceeding capital cost allowance claims, from expenditures on assets qualifying for an earned depletion tax deduction, and from expenditures qualifying for investment tax credits.

6. Inventories

	1983	1982
	(in thousands of dollars)	
Mine concentrates	87,496	95,895
Fuel Services	22,498	16,794
Specialty Metals	1,234	1,157
Total	111,228	113,846

7. Property and equipment

	1983	1982
	(in thousands of dollars)	
Mining		
Existing	122,655	119,276
Under development	26,396	
Fuel Services		
Existing	77,012	76,874
Under construction	325,724	210,800
Other	18,149	19,683
Total property and equipment	569,936	426,633
Less: accumulated depreciation	65,222	49,790
Net property and equipment	504,714	376,843
Depreciation for year	15,432	9,581

8. Deferred charges

	1983	1982
	(in thousands of dollars)	
Processing preproduction	11,524	1,485
Unamortized financing costs	4,457	5,040
Total	15,981	6,525
Amortization for year	1,035	955

9. Other assets

With the closing of the Beaverlodge mine in 1982, the requirements for air transportation decreased substantially. At that time the Boeing 737 aircraft was reclassified from Property and Equipment to Other Assets. In early 1983, the aircraft was sold and the capital lease, which was to expire in 1992, was assumed by the purchaser.

10. Long-term debt

	1983	1982
	(in thousands of dollars)	
i) From Canada		
5.875% notes due 1983		5,082
6.375% notes due 1984	10,093	10,093
ii) Other		
Income debentures due January 3, 1984, at floating rate approximately one-half of prime lending rate	40,000	40,000
Capitalized lease expiring 1992, with floating monthly payments 2%-4% below prime lending rate		14,024
Notes due 1986, at 13.25% ($U.S.-50 million)	62,220	61,470
Loan due 1991, at 7% (100 million Swiss francs)	57,110	61,150
Notes due 1988, at interest rate to yield 9.19% (10.108 billion Japanese yen)	54,330	52,966
Loan due 1987-1992, at 8.8% (2 billion Japanese yen)	10,750	10,480
Notes due 1992, at 14.5% ($U.S.-100 million)	124,440	122,940
Loan due 1992, at an interest rate to yield 14.25% ($U.S.-44.7 million)	55,562	54,894
Bonds due 1992, at 8.5% (10 billion Japanese yen), with 10% of principal due in each of years 1988-1991	53,750	52,400
Promissory note due 1984, at floating rate 0.35% above 90-day Treasury Bill rate	30,000	30,000
Debenture due 1988, at 11%	30,000	
Sub-total	528,255	515,499
Less: current portion of long-term debt listed above	80,093	47,167
deferred loss on foreign exchange	8,206	8,131
Total	439,956	460,201

APPENDIX 3—*Concluded*

ELDORADO NUCLEAR LIMITED—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983—*Concluded*

(a) Current portion of long-term debt

Included in the 1983 and 1982 current portion of long-term debt is a $40 million income debenture at a floating rate approximately one-half of the prime lending rate. In late 1983, this debenture, due Saturday December 31, 1983, was rescheduled to be due and payable on the first business day in 1984.

(b) Long-term debt payments

The long-term debt payments due in each of the next five years are as follows: 1984—$80,093,000; 1985—nil; 1986—$62,220,000; 1987—$1,075,000; 1988—$91,855,000.

11. Share capital

	1983	1982
Authorized:		
Common shares	Unlimited number no par value	
Preferred shares		1,600,000
Preference shares	1,600,000	
	(in thousands of dollars)	
Issued and fully paid:		
Common—3,852,880 shares (1982—1,452,880)	201,586	106,586
Preferred—nil (1982—1,600,000)		200,000
Preference—800,000 shares (1982—nil)	95,000	
	296,586	306,586

On January 20, 1983, the federal government transferred its ownership of Eldorado's common and preferred shares to the Canada Development Investment Corporation (CDIC).

On May 3, 1983, a reorganization of share capital reduced total share capital by $10 million which was paid to the Shareholder. At the same time, 1.6 million preferred shares were exchanged for an equal number of preference shares. Under a conversion privilege which expired during 1983, the Shareholder converted 800,000 preference shares into 2.4 million common shares. Each new preference share carries a non-cumulative dividend of $7.125 per annum. In addition, they are redeemable at the option of either party at a value of $118.75 each.

12. Commitments and contingencies

(a) The company has entered into long-term leases on certain properties up to 1987 with annual rental payments averaging $567,000.

(b) The company has defined benefit pension plans covering all of its regular full-time employees.

The pension funds, which are administered by independent trustees, are valued at least every three years by consulting actuaries. Based on the most recent actuarial valuations, the plans have a total current surplus of $7,484,000 (1982—$5,006,000). The effective dates of the most recent actuarial reports were June 30, 1983 and July 1, 1982.

(c) Through a wholly-owned subsidiary, the company is a one-sixth partner in a joint venture mining operation at Key Lake, Saskatchewan. In accordance with the joint venture agreement, Eldorado is obligated to meet its proportionate share of the commitments of the joint venture. Aside from normal operating expenditures, the company has no outstanding commitments as at December 31, 1983.

(d) The company's expansion of its refining and conversion capacity will be completed in 1984. The UO_3 plant at Blind River was substantially completed in 1983 and the capital cost to bring the new UF_6 conversion plant into production in 1984 is projected at approximately $4 million. Commercial production of these facilities is anticipated in 1984.

(e) In connection with its operation, the company is the defendant in certain litigation. It is the opinion of management, based on legal counsel, that this will not result in any material liabilities to the company.

13. Supplementary information

(a) During 1983 the company paid sales commissions to Marubeni Corporation, Toyomenka Canada Ltd., and Uranerzbergbau-GmbH.

(b) Interest costs of $37.4 million paid in 1983 have been capitalized under property and equipment (1982—$18.4 million).

(c) Fees paid in 1983 to the eight Directors who are not Officers amounted to $79,709. Any Officer who is also a Director is not compensated for service as a member of the Board or its committees. Salaries paid to the seven Officers in 1983 totalled $697,203. No bonuses were paid.

The estimated aggregate cost to Eldorado in the financial year ended December 31, 1983 of all pension benefits proposed to be paid to Officers under the existing Eldorado Pension Plan upon retirement at normal retirement age was $60,270. Directors who are not Officers do not participate in the pension plan.

Under Eldorado's employee relocation policy, three Officers have mortgage loans amounting to $185,000. Payments of principal and interest on these mortgages amounted to $20,197 in 1983.

14. Segmented information

(a) Industry Segment

The company is of the opinion that virtually all its sales revenues are in the industry segment identified as the nuclear fuel industry.

(b) Sales

Sales revenues of the company are derived primarily from sales to foreign and domestic electric utilities as follows:

	1983	1982
	(in thousands of dollars)	
Export sales	107,362	66,143
Domestic sales	46,685	22,675
Total sales	154,047	88,818

15. Provision for mine shutdown

Established in 1981, the provision for the Beaverlodge mine shutdown represents the expected remaining cost of decommissioning and reclaiming the Beaverlodge mine.

16. Subsequent event

In February, 1984, Eldorado arranged an issue of U.S. $100 million Eurodollar notes due in 1989. The interest rate is the six-month London inter-bank offered rate. The notes may be called by Eldorado in or after February, 1985. The net proceeds are being added to the general funds of Eldorado and used to repay certain borrowings and to fund the company's capital expenditure program.

SUMMARY PAGE

CANADA HARBOUR PLACE CORPORATION

MANDATE:

Plan, build and, in certain cases, operate facilities on Pier BC on the downtown Vancouver waterfront.

BACKGROUND:

Commencing in 1982, the corporation has been designing and building on Pier BC: a cruise ship terminal, a parking garage, an IMAX theater, a Canadian pavilion EXPO '86, a trade and convention centre, and public amenities. All of this work, largely funded by the federal government, is scheduled for completion in time for the opening of EXPO '86 in May 1986.

CORPORATION DATA:

HEAD OFFICE:	1660-999 West Hastings Street Vancouver, British Columbia V6C 2W2
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	By letters patent (no. 132316) in June 1982 under the *Canada Business Corporations Act.*
CHIEF EXECUTIVE OFFICER:	Kenneth G. Bream
CHAIRMAN:	Ian Barclay
AUDITOR:	The Auditor General

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83
At the end of the period:		
Total Assets	34.8	12.9
Obligations to the private sector	nil	nil
Obligations to Canada	nil	nil
Equity of Canada	28.4	7.4
Cash from Canada in the period		
— budgetary	20.9	7.4
— non-budgetary	nil	nil

CANADA HARBOUR PLACE CORPORATION

AUDITOR'S REPORT

THE HONOURABLE JACK AUSTIN, Q.C., P.C., SENATOR
MINISTER OF STATE FOR SOCIAL DEVELOPMENT

I have examined the balance sheet of Canada Harbour Place Corporation as at March 31, 1984 and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous period.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 25, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983	LIABILITIES	1984	1983
Cash and short-term deposits	6,532	5,156			
Accounts receivable	4	315	Accounts payable	6,404	5,527
Construction in progress (Note 4)	28,223	7,476	SHAREHOLDERS' EQUITY		
			Capital stock (Note 5)		
			Contributed capital (Note 6)	28,355	7,420
	34,759	12,947		34,759	12,947

Approved by the Board:

K. G. BREAM
Director

IAN A. BARCLAY
Director

STATEMENT OF CHANGES IN FINANCIAL POSTION FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of funds		
Receipts under lease agreements (Note 7)	27,938	
Contributed capital (Note 6)	20,935	7,420
Accounts payable	877	5,527
Accounts receivable	311	
	50,061	12,947
Use of funds		
Construction in progress (Note 4)	48,685	7,476
Accounts receivable		315
	48,685	7,791
Increase in funds	1,376	5,156
Cash and short-term deposits		
Beginning of year	5,156	
End of year	6,532	5,156

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority and objectives

The Canada Harbour Place Corporation was incorporated on June 9, 1982 under the Canada Business Corporations Act. The Corporation is an agent of Her Majesty pursuant to the Government Companies Operation Act, and is named as an agency Crown corporation in Schedule C of the Financial Administration Act. Two-thirds of the capital stock is held by the Canada Lands Company Limited, also a Schedule C Crown corporation, and one-third is held in right of Canada by the Responsible Minister with whom control of the Corporation lies. The Corporation is exempt from income taxes.

The objectives of the Corporation are to act as a developer and acquire, administer and dispose of land, and manage real property for the Government of Canada in Vancouver, B.C. For this purpose, it is to design and construct a facility at Canada Place to include a cruise ship terminal and a Canadian host pavilion for Expo '86 suitable to be converted to a trade and convention centre. In addition, the Corporation has the authority to design, construct and manage other facilities. Furthermore, the Corporation has the authority to manage and operate the facility at Canada Place, either by itself or with others, and organize, operate and manage the participation of the Government of Canada as exhibitor and host nation for Expo '86.

The total cost of the facility at Canada Place, including trade and convention centre conversion costs, is estimated at approximately $144.8 million of which $122 million is expected to be contributed by the Government and $22.8 million by the Vancouver Port Corporation in respect of the cruise ship terminal. Funding for Canadian participation at Expo '86, including the Canadian Pavilion and its related activities, has not been finalized.

The Responsible Minister is to recommend to the Governor in Council prior to December 31, 1988 on the continued activities of the Corporation beyond that date.

2. Corporate plan

On November 15, 1982, the Board of Directors approved the Corporate Plan of the Corporation. Immediately following this approval, the Plan was sent to the Responsible Minister and Treasury Board for further approvals.

As at March 31, 1984, approval of the Corporate Plan by the Cabinet is still pending and therefore the requirements of Section 70(2) of the Financial Administration Act which requires that approved capital budgets be laid before Parliament annually have not been met.

3. Capitalization policies

All expenditures including those for acquisition, design, construction and administration will be capitalized until the facility is fully developed. Interest income is credited to construction in progress. Receipts from the sale of development rights, leaseholds and the cruise ship terminal are also deducted from the construction costs.

4. Construction in progress

	Cumulative to March 31, 1983	Expenditures 1984	Cumulative to March 31, 1984
	(in thousands of dollars)		
Site purchase	3,654	77	3,731
Siteworks and substructure	236	17,903	18,139
Structural steel		12,156	12,156
General contract		8,338	8,338
Architects and consultants	2,006	3,954	5,960
Access	712	4,845	5,557
	6,608	47,273	53,881
Administration (Note 12)	1,159	2,258	3,417
	7,767	49,531	57,298
Less interest income	291	846	1,137
	7,476	48,685	56,161
Receipts under lease agreements (Note 7)		27,938	27,938
	7,476	20,747	28,223

5. Capital stock

Three shares are authorized, issued and fully paid for at $1 per share.

6. Contributed capital

During the year, Public Works appropriations for the Corporation amounted to $24.85 million (1983—$7.42 million) of which $20.935 million (1983—$7.42 million) was received by the Corporation including $3.185 million (1983—nil) under the Special Recovery Capital Projects Program.

7. Receipts under lease agreements

During the year, the Corporation entered into 99 year agreements with Tokyu Canada Corporation, for the lease of air rights at Canada Place to Tokyu. Under the terms of the agreements, Tokyu agreed to pay the Corporation an up front, non-refundable payment of $15 million for the air rights and $15.556 million for costs related to the construction of facilities to support office space and a hotel to be constructed by Tokyu within the air rights parcel. Closing costs amounted to $.262 million.

Of the total payments of $30.556 million, $28.2 million was paid during the year, $1.9 million will be payable in 1985 and $.456 million will be payable as work is completed. Tokyu will also pay additional rent for its share of the common area and operating costs. Further, Tokyu has the option to operate the trade and convention centre at Canada Place (see Note 10).

8. Contractual obligations

At March 31, 1984, commitments for construction and related costs are approximately $58 million.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

Furthermore, the Corporation entered into agreements in principle under which the National Film Board of Canada and IMAX Systems Corporation will provide the projection equipment and technology and produce the world's first 3-D IMAX film at amounts to be determined. Contracts are expected to be concluded by mid-1984. Under the terms of a proposed agreement for sponsorship of a theatre at Canada Place and the film, Canadian National Railways will contribute $5 million towards the cost.

9. Lease commitment

The Corporation has entered into a five-year lease agreement for office space. The future minimum lease payments by fiscal year are as follows:

	(in thousands of dollars)
1985	169
1986	169
1987	44
	382

10. Contingency

If the Corporation secures an operator for the trade and convention centre by December 31, 1986, the Corporation is responsible to convert the Expo '86 Canadian pavilion to a first-class trade and convention centre.

If an operator is not found by December 31, 1985, Tokyu Canada Corporation has the option to operate the trade and convention centre. In this event, the Corporation has a contractual obligation to convert the Canadian pavilion, including the installation of furniture, fixtures and equipment, to a trade and convention centre at an estimated cost of $15 million. As well, the Corporation has agreed to reimburse Tokyu one half of any net operating losses of the centre for three years up to a maximum of $.333 million per year.

11. Retirement plan

Because of the term nature of the project, the Corporation has agreed to make annual payments for all employees to retirement plans of their choice and to provide for a retiring allowance to senior officers. These benefits are equivalent to 8 ½% of the annual salary for each employee and officer.

12. Administration

	1984	1983
	(in thousands of dollars)	
Salaries and wages	703	351
Legal and other professional fees	421	140
Marketing	216	
Public affairs	203	198
Insurance	172	37
Rent	163	124
Office	141	63
Permits and licences	130	
Travel and entertainment	109	68
Leasehold improvements, furniture and equipment		178
	2,258	1,159

13. Comparative figures

The Corporation was incorporated on June 9, 1982 under the Canada Business Corporations Act. Accordingly, the 1983 comparative figures in the statement of changes in financial position and in Note 12 relate to the period from June 9, 1982 to March 31, 1983.

SUMMARY PAGE

CANADA LANDS COMPANY LIMITED

MANDATE:

The Canada Lands Company Limited has the mandate to hold certain leases for a property in London, England and two properties on Indian Reserves in Canada. It is also the shareholder in three subsidiary corporations.

BACKGROUND:

Formerly the Public Works Lands Company, the corporation's main efforts recently have been concentrated within subsidiaries with operations at Vieux-Port de Montréal, Vieux-Port de Québec and Mirabel, respectively.

CORPORATION DATA:

HEAD OFFICE:	Sir Charles Tupper Building Tower 7, Confederation Heights Riverside Drive Ottawa, Ontario K1A 0M2
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Roch LaSalle, P.C., M.P.
DEPARTMENT:	Public Works
DATE AND MEANS OF INCORPORATION:	By Letters Patent March 7, 1956; reorganized under the *Canada Corporation Act*, 77/09/19. (Certificate of Continuance — CBCA 81/07/07)
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	M.A.J. Lafontaine
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31. The data presented relate respectively to the parent corporation (Canada Lands Company Limited) and its three subsidiaries; Canada Lands Company (Mirabel) Limited, Canada Lands Company (Vieux-Port de Montréal) Limited and Canada Lands Company (Vieux-Port de Québec) Inc.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets			
— parent corporation	nil	nil	nil
— Mirabel subsidiary	4.8	1.8	3.8
— Montreal subsidiary	1.8	1.1	0.5
— Quebec subsidiary	11.0	2.0	2.8
Obligations to the private sector	nil	nil	nil
Obligations to Canada, net			
— parent corporation	nil	nil	nil
— Mirabel subsidiary	4.1	0.7	1.0
— Montreal subsidiary	0.1	negl.	(0.2)
— Quebec subsidiary	(1.1)	(0.7)	(0.4)
Equity of Canada	nil	nil	nil
Cash from Canada in the period			
— non-budgetary	nil	nil	nil
— budgetary			
— parent corporation	nil	nil	nil
— Mirabel subsidiary	11.2	9.9	11.6
— Montreal subsidiary	12.6	6.3	4.1
— Quebec subsidiary	32.5	19.3	13.4

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1984
WERE NOT AVAILABLE AT DATE OF PRINTING

CANADA LANDS COMPANY (MIRABEL) LIMITED

AUDITOR'S REPORT

THE HONOURABLE CHARLES LAPOINTE, P.C., M.P.
MINISTER OF PUBLIC WORKS

I have examined the balance sheets of Canada Lands Company (Mirabel) Limited as at March 31, 1984, 1983 and 1982 and the statements of transactions for the years ended March 31, 1984 and 1983 and for the period from April 9, 1981 (date of incorporation) to March 31, 1982. My examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984, 1983 and 1982 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles consistently applied.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 11, 1984

BALANCE SHEETS AS AT MARCH 31

ASSETS	1984	1983	1982
	$	$	$
Cash	3,918,258	988,813	2,659,023
Accounts receivable	835,003	299,434	543,346
Due from Minister of Public Works (Note 3)		486,615	
Due from Department of Transport (Note 4)			299,669
Prepaid expenses	41,604	43,279	295,391
	4,794,865	1,818,141	3,797,429

LIABILITIES	1984	1983	1982
	$	$	$
Accounts payable	679,307	616,261	2,502,971
Deposits on sales of properties awaiting approval	314,440	283,731	
Due to Receiver General for Canada (Note 5)	3,777,816	918,149	722,953
Due to Minister of Public Works (Note 3)	23,302		571,505
	4,794,865	1,818,141	3,797,429
SHAREHOLDER'S EQUITY			
Capital stock (Note 6)			
	4,794,865	1,818,141	3,797,429

Approved by the Board:

JEAN-PIERRE GOYER
Director

BERNARD LABERGE
Director

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Continued*

STATEMENTS OF TRANSACTIONS
CARRIED OUT AS AGENT AND ON BEHALF OF THE
MINISTER OF PUBLIC WORKS

	12 months ended March 31, 1984	12 months ended March 31, 1983	11 months ended March 31, 1982
	$	$	$
EXPENDITURES			
Expenditures incurred for goods received or services rendered			
Operating			
Wages and benefits	3,376,723	4,066,713	2,603,116
Materials and maintenance contracts	1,339,446	1,436,653	1,762,457
Professional services	773,158	805,189	1,356,264
Office supplies	404,895	365,666	240,581
Public utilities	330,659	352,134	161,736
General	321,517	166,302	129,841
Rentals	47,143	91,102	55,738
	6,593,541	7,283,759	6,309,733
Capital	1,871,542	3,286,356	4,141,834
Employment program—Job creation	2,252,805	101,658	
Total to be funded (Note 3)	10,717,888	10,671,773	10,451,567
Cumulative since April 9, 1981	31,841,228	21,123,340	10,451,567
PROCEEDS			
Rentals	3,562,847	3,334,090	2,139,436
Sales of properties	7,644,006	345,525	
Interest	421,700	327,195	75,877
Other	159,157	207,994	39,763
Total to be remitted (Note 5)	11,787,710	4,214,804	2,255,076
Cumulative since April 9, 1981	18,257,590	6,469,880	2,255,076
EXCESS OF EXPENDITURES OVER PROCEEDS (EXCESS OF PROCEEDS OVER EXPENDITURES)			
For the period	(1,069,822)	6,456,969	8,196,491
Cumulative since April 9, 1981	13,583,638	14,653,460	8,196,491

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984, 1983 and 1982

1. Authority and activities

Canada Lands Company (Mirabel) Limited was incorporated on April 9, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation. It was added to Schedule C to the Financial Administration Act on March 25, 1982 by Order in Council.

Effective July 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for administering and developing a part of the peripheral lands of Mirabel in order to ensure a normal living environment for residents of the lands while safeguarding the operations of the Mirabel International Airport. The Corporation fulfills this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the fixed assets for the benefit of Her Majesty. On May 21, 1982, Privy Council authorized the sale of certain properties; on February 23, 1984, it has authorized the disposition of the remaining properties within the territory under its responsibility.

Parliament has not authorized the Corporation to retain any proceeds from operations for its use.

2. Significant accounting policies

(a) Financial statement presentation

The statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures are incurred on behalf of the Minister and are reimbursable to the Corporation. All proceeds are payable to the Receiver General for Canada. Differences between parliamentary appropriations received and expenditures are recorded by the Corporation as due from or due to the Minister of Public Works.

(b) Expenditures of a capital nature

Expenditures of a capital nature represent costs which significantly increase the value or extend the useful lives of properties administered by the Corporation.

(c) Sales of properties

Sales of properties are recognized when title passes to buyers and the Corporation is entitled to receive the amount of the proceeds.

(d) Pension plan

All employees of the Corporation participate in the superannuation plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. The Corporation's contributions, representing its total liability, are recorded on a current basis.

3. Due from (due to) Minister of Public Works

	1984	1983	1982
	$	$	$
Balance receivable (payable) at beginning of the period	486,615	(571,505)	
Less reimbursements		302,968	
	486,615	(268,537)	
Expenditures	10,717,888	10,671,773	10,451,567
	11,204,503	10,403,236	10,451,567
Less:			
Funds drawn from Department of Public Works votes			
Canada Lands Company (Mirabel) Limited (Vote 45)	8,975,000		
Canada Lands Company Limited (Vote 55)		9,814,963	
Land management and development (Vote 40)			11,023,072
Funds drawn from Treasury Board Vote 10			
Employment initiatives program	2,252,805		
Student summer and youth employment program		101,658	
	11,227,805	9,916,621	11,023,072
Balance receivable (payable) at end of the period	(23,302)	486,615	(571,505)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984, 1983 and 1982—*Concluded*

4. Due from Department of Transport

The Corporation carried out specified work in the intermediate operational zone of the Mirabel International Airport under the jurisdiction and for the account of the Department of Transport. Expenditures so incurred during the period ended March 31, 1982 amounted to $299,669 and are shown as an amount due from that Department, having been reimbursed after that date.

5. Due to Receiver General for Canada

	1984	1983	1982
	$	$	$
Balance at beginning of the period	918,149	722,953	
Proceeds	11,787,710	4,214,804	2,255,076
	12,705,859	4,937,757	2,255,076
Remittances to the Consolidated Revenue Fund	8,928,043	4,019,608	1,532,123
Balance at end of the period	3,777,816	918,149	722,953

6. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor in Council. The authorized share has been issued in consideration of services rendered.

7. Contingency

Legal action has been instituted against the Corporation, the Attorney General of Canada, the Minister of Transport and the Minister of Public Works by some of the original Mirabel property owners who are asking to have the 1969 expropriation declared invalid.

CANADA LANDS COMPANY (LE VIEUX-PORT DE MONTRÉAL) LIMITED

AUDITOR'S REPORT

THE HONOURABLE CHARLES LAPOINTE, P.C., M.P.
MINISTER OF PUBLIC WORKS

I have examined the balance sheets of Canada Lands Company (Le Vieux-Port de Montréal) Limited as at March 31, 1984, 1983 and 1982 and the statements of transactions for the years ended March 31, 1984 and 1983 and for the period from November 26, 1981 (date of incorporation) to March 31, 1982. My examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984, 1983 and 1982 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles consistently applied.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 8, 1984

BALANCE SHEETS AS AT MARCH 31

ASSETS	1984	1983	1982
	$	$	$
Cash and term deposit	1,777,378	969,172	456,164
Accounts receivable	31,967	4,204	511
Due from Minister of Public Works (Note 3)		99,912	
Prepaid expenses	830	1,405	714
	1,810,175	1,074,693	457,389

LIABILITIES	1984	1983	1982
	$	$	$
Accounts payable	1,718,799	926,122	276,580
Due to Receiver General for Canada (Note 4)	74,612	148,571	511
Due to Minister of Public Works (Note 3)	16,764		180,298
	1,810,175	1,074,693	457,389
SHAREHOLDER'S EQUITY			
Capital stock (Note 5)			
	1,810,175	1,074,693	457,389

Approved by the Board:

PAUL-GÉRIN LAJOIE
Director

GUY LACOSTE
Director

STATEMENTS OF TRANSACTIONS CARRIED OUT AS AGENT AND ON BEHALF OF THE MINISTER OF PUBLIC WORKS

	12 months ended March 31, 1984	12 months ended March 31, 1983	4 months ended March 31, 1982
	$	$	$
EXPENDITURES			
Expenditures incurred by the Department on the lands prior to February 1, 1982			156,239
Expenditures incurred by the Corporation for goods received or services rendered			
Operating			
Personnel costs	791,028	548,071	50,451
Professional and technical services (Note 6)	399,012	1,198,619	189,404
Maintenance of property	261,219	415,679	27,186
Administrative expenditures	173,520	259,125	9,042
Travel and representation	54,966	45,333	5,168
	1,679,745	2,466,827	281,251
Capital (Note 7)	10,459,979	4,153,085	157,212
Employment program—Job creation	384,039		
Total to be funded (Note 3)	12,523,763	6,619,912	594,702
Cumulative since November 26, 1981	19,738,377	7,214,614	594,702
PROCEEDS			
Interest	173,425	118,469	
Parking	109,794	14,127	
Rentals	104,119	33,042	511
Other	8,100	1,050	
Total to be remitted (Note 4)	395,438	166,688	511
Cumulative since November 26, 1981	562,637	167,199	511
EXCESS OF EXPENDITURES OVER PROCEEDS			
For the period	12,128,325	6,453,224	594,191
Cumulative since November 26, 1981	19,175,740	7,047,415	594,191

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984, 1983 and 1982

1. Authority and activities

Canada Lands Company (Le Vieux-Port de Montréal) Limited was incorporated on November 26, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation. It was added to Schedule C to the Financial Administration Act on March 25, 1982 by Order in Council.

Effective February 1, 1982, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for developing and for promoting the development of the lands of Le Vieux-Port de Montréal, and for administering, managing, and maintaining the property of Her Majesty located therein. The Corporation fulfills this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the fixed assets for the benefit of Her Majesty.

Parliament has not authorized the Corporation to retain any proceeds from operations for its use.

2. Significant accounting policies

(a) Financial statement presentation

The statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures are incurred on behalf of the Minister and are reimbursable to the Corporation. All proceeds are payable to the Receiver General for Canada. Differences between parliamentary appropriations received and expenditures are recorded by the Corporation as due from or due to the Minister of Public Works.

(b) Expenditures of a capital nature

Expenditures of a capital nature represent costs which significantly increase the value or extend the useful lives of properties administered by the Corporation. They also include costs of demolishing structures.

(c) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to certain benefits provided for under the salary administration policy of the Corporation. The cost of these benefits is recorded in the year in which they are earned by the employees. The estimated liability resulting from this policy is included in accounts payable.

(d) Retirement savings plan

The Corporation has established a group retirement savings plan under which a single trust was established with a private sector organization in order to accumulate contributions to provide a retirement income for the employees through individually registered retirement savings plans. All contributions are paid by the employees, the Corporation acting solely as an agent without incurring any liability.

3. Due from (due to) Minister of Public Works

	1984	1983	1982
	$	$	$
Balance receivable (payable) at beginning of the period	99,912	(180,298)	
Expenditures	12,523,763	6,619,912	594,702
	12,623,675	6,439,614	594,702
Less:			
Funds drawn from Department of Public Works votes			
Canada Lands Company (Le Vieux-Port de Montréal) Limited (Vote 56)	12,256,400		
Canada Lands Company Limited (Vote 55)		6,339,702	
Land management and development (Vote 40)			775,000
Funds drawn from Treasury Board Vote 10			
Employment initiatives program	384,039		
	12,640,439	6,339,702	775,000
Balance receivable (payable) at end of the period	(16,764)	99,912	(180,298)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984, 1983 and 1982—*Concluded*

4. Due to Receiver General for Canada

	1984	1983	1982
	$	$	$
Balance at beginning of the period	148,571	511	
Proceeds	395,438	166,688	511
	544,009	167,199	511
Remittances to the Consolidated Revenue Fund	469,397	18,628	
Balance at end of the period	74,612	148,571	511

5. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor in Council. The authorized share has been issued in consideration of services rendered.

6. Professional and technical services

Professional and technical services in 1983 include an amount of approximately $1,180,000 for the organization and holding by an urban animation non-profit corporation of a festival which took place on the lands of Le Vieux-Port de Montréal during the summer of 1982.

7. Capital expenditures

Capital expenditures in 1983 include an amount of $1,200,000 paid on March 31, 1983 to the Canada Ports Corporation for lands to be transferred to the Minister of Public Works and for which the Corporation has the mandate to carry out its immediate development.

8. Commitments

As at March 31, 1984, the Corporation's contractual commitments amount to approximately $5.5 million.

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1984
WERE NOT AVAILABLE AT DATE OF PRINTING THEREFORE
STATEMENTS OF THE PREVIOUS YEAR ARE PRESENTED HERE

AUDITOR'S REPORT

THE HONOURABLE CHARLES LAPOINTE, P.C., M.P.
MINISTER OF PUBLIC WORKS

I have examined the balance sheets of Canada Lands Company (Vieux-Port de Québec) inc. as at March 31, 1983 and 1982 and the statements of transactions for the year ended March 31, 1983 and for the period from April 9, 1981 (date of incorporation) to March 31, 1982. My examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and 1982 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles consistently applied.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 17, 1983

BALANCE SHEETS AS AT MARCH 31

ASSETS	1983	1982
	$	$
Cash	512,381	2,393,983
Accounts receivable (Note 3)	754,587	2,325
Due from Minister of Public Works (Note 4)	693,137	388,667
	1,960,105	2,784,975

LIABILITIES	1983	1982
	$	$
Accounts payable	1,927,401	2,784,975
Due to Receiver General for Canada (Note 5)	32,704	
	1,960,105	2,784,975
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)		
	1,960,105	2,784,975

Approved by the Board:

JEAN LAMBERT
Director

PIERRE POLIQUIN
Director

STATEMENTS OF TRANSACTIONS CARRIED OUT AS AGENT AND ON BEHALF OF THE MINISTER OF PUBLIC WORKS

	12 months ended March 31, 1983	11 months ended March 31, 1982
	$	$
EXPENDITURES		
Expenditures incurred by the Department on the lands prior to August 1, 1981		450,084
Expenditures incurred by the Corporation for goods received or services rendered		
Operating		
Public affairs and animation	656,718	237,029
Administration, finance and property	507,812	261,845
Management's office and executive vice-president	248,891	201,613
Planning and development	228,316	106,559
	1,641,737	807,046
Capital	17,959,895	10,130,170
Employment program—Job creation	49,480	
Total to be funded (Note 4)	19,651,112	11,387,300
Cumulative since April 9, 1981	31,038,412	11,387,300
PROCEEDS		
Interest	232,708	119,437
Rentals	220,340	
Other	6,500	
Total to be remitted (Note 5)	459,548	119,437
Cumulative since April 9, 1981	578,985	119,437
EXCESS OF EXPENDITURES OVER PROCEEDS		
For the period	19,191,564	11,267,863
Cumulative since April 9, 1981	30,459,427	11,267,863

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 1983 and 1982

1. Authority and activities

Canada Lands Company (Vieux-Port de Québec) inc. was incorporated on April 9, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation. It was added to Schedule C to the Financial Administration Act on March 25, 1982 by Order in Council.

Effective August 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for the implementation of a general development plan for the lands of the Vieux-Port de Québec under its jurisdiction and for administering, managing, promoting and operating such lands and their developments. The Corporation fulfills this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the fixed assets for the benefit of Her Majesty.

Parliament has not authorized the Corporation to retain any proceeds from operations for its use.

2. Significant accounting policies

(a) Financial statements presentation

The statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures are incurred on behalf of the Minister and are reimbursable to the Corporation. All proceeds are payable to the Receiver General for Canada. Differences between parliamentary appropriations received and expenditures are recorded by the Corporation as due from or due to the Minister of Public Works.

(b) Expenditures of a capital nature

Expenditures of a capital nature represent costs which significantly increase the value or extend the useful lives of properties administered by the Corporation. They also include costs of acquiring and demolishing structures.

3. Accounts receivable

During the year ended March 31, 1983 the Corporation incurred expenditures of $124,389 for Parks Canada, $274,333 for Canada Ports Corporation and $442,888 for another public body. These expenditures were billed to these corporations. A total amount of $724,363 remained unpaid as at March 31, 1983 and is included in accounts receivable.

4. Due from Minister of Public Works

	1983	1982
	$	$
Balance receivable at beginning of the period	388,667	
Expenditures	19,651,112	11,387,300
	20,039,779	11,387,300
Less:		
Funds drawn from Department of Public Works votes		
Canada Lands Company Limited (Vote 55)	19,297,162	
Land management and development (Vote 40)		10,998,633
Funds drawn from Treasury Board Vote 10		
Student summer and youth employment program	49,480	
	19,346,642	10,998,633
Balance receivable at end of the period	693,137	388,667

5. Due to Receiver General for Canada

	1983	1982
	$	$
Balance at beginning of the period		
Proceeds	459,548	119,437
	459,548	119,437
Remittances to the Consolidated Revenue Fund	426,844	119,437
Balance at end of the period	32,704	

6. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada and which may not be transferred without the consent of the Governor in Council. The authorized share has been issued in consideration of services rendered.

7. Commitments

As at March 31, 1983, the Corporation's contractual commitments amount to approximately $4.8 million.

8. Contingency

The Corporation has received a claim of approximately $1 million for supplementary costs which, according to the claimant, were incurred because of changes in the conditions for the realization of a project. No provision has been recorded in the accounts. Any payment which might be made under this claim will be recovered from the Minister of Public Works as a capital expenditure.

SUMMARY PAGE

CANADA MORTGAGE AND HOUSING CORPORATION

MANDATE:

To promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions.

BACKGROUND:

Established in 1946, the corporation acts as the government's agent in the provision of grants, contributions and subsidies for the advancement of housing and community development; it conducts research and provides policy advice to Government; it administers the Mortgage Insurance Fund whose prime purpose is to ensure an adequate supply of mortgage funds for housing; and it lends to groups and individuals for housing purposes and invests in housing related projects.

CORPORATION DATA:

HEAD OFFICE:	Montreal Road Ottawa, Ontario K1A 0P7
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable William McKnight, P.C., M.P.
DEPARTMENT:	Labour
DATE AND MEANS OF INCORPORATION:	*Central Mortgage and Housing Corporation Act*, 1946 (RSC 70, Chap C-16).
CHIEF EXECUTIVE OFFICER:	Robert C. Montreuil
CHAIRMAN:	Robert E. Jarvis, Q.C.
AUDITORS:	Mallette, Benoit, Boulanger, Rondeau & Associés, and Burke, Newman and Co.

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983 (restated)	1982	1981
At the end of the year:				
Total Assets	10,277	10,383	10,684	10,472
Obligations to the private sector	nil	nil	nil	nil
Obligations to Canada	9,990	10,212	10,192	10,142
Equity of Canada	50	50	50	30
Cash from Canada in the year				
— budgetary	1,728	1,890	1,454	1,095
— non-budgetary	374	424	431	563

* Subsequent to the Report period.

CANADA MORTGAGE AND HOUSING CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE ROMÉO LEBLANC, P.C., M.P.
MINISTER RESPONSIBLE FOR
CANADA MORTGAGE AND HOUSING CORPORATION

We have examined the corporate account balance sheet of Canada Mortgage and Housing Corporation as at December 31, 1983 and the related statements of operations and reserve fund and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and, subject to the uncertainty as to authority referred to in Note 3, the transactions that have come under our notice have been within the statutory powers of the Corporation.

CHARLES RONDEAU, C.A.
of the firm
Mallette, Benoit, Boulanger, Rondeau & Associés

JAMES J. SMITH, C.A.
of the firm
Burke, Newman & Co.

Ottawa, February 24, 1984

CORPORATE ACCOUNT

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

STATEMENT C1

ASSETS	1983	1982
Investments		
Loans—Schedule I	8,750,158	8,937,527
Investments under federal-provincial agreements—Schedule II	1,353,430	1,249,937
Real estate—Schedule III (Note 2)	90,164	88,522
Agreements for sale and mortgages arising from sales of real estate, including accrued interest	71,295	80,305
	10,265,047	10,356,291
Cash and Short Term Deposits	132,119	73,796
Accounts Receivable		
Due from the Minister	49,092	198,448
Due under federal-provincial agreements	7,964	9,845
Due from Funds administered	6,333	
Other	8,821	12,049
	72,210	220,342
Deferred Income Taxes	9,908	11,104
Business Premises, Office Furniture and Equipment		
At cost	29,639	26,576
Less: accumulated depreciation	17,855	16,458
	11,784	10,118
Other Assets	7,771	11,889
	10,498,839	10,683,540

LIABILITIES	1983	1982
Borrowings from the Government of Canada—Schedule IV (Note 4)	10,159,950	10,175,614
Cheques Issued in Excess of Funds on Deposit	116,329	125,126
Accounts Payable and Accrued Liabilities		
Temporary borrowings		170,000
Due to the Receiver General for Canada	52,121	16,672
Due under federal-provincial agreements	33,844	28,616
Due to Funds administered		22,107
Other	26,718	26,344
	112,683	263,739
Deposits and Contractors' Holdbacks	3,196	737
Actuarial Obligation to the Pension Fund	11,254	15,689
Deferred Income on Federal-Provincial Agreements	38,672	43,294
Deferred Profits on Sales of Real Estate	6,755	9,341
	10,448,839	10,633,540
CAPITAL AND RESERVE FUND		
Capital—Authorized and fully paid by the Government of Canada	25,000	25,000
Reserve Fund—Statement C2	25,000	25,000
	50,000	50,000

See accompanying notes.

ROBERT C. MONTREUIL
President

HAROLD S. PERRIE
Chief Accountant

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

STATEMENT OF OPERATIONS AND RESERVE FUND
(in thousands of dollars)

STATEMENT C2

	Year ended December 31, 1983			Year ended December 31, 1982		
	Direct Financing Operations		Grants, Contributions and Subsidies	Direct Financing Operations		Grants, Contributions and Subsidies
Revenues						
Loans						
Interest earned	728,824			744,339		
Recovery of interest rate losses	57,563		57,563	51,514		51,514
Application fees on mortgage loans				1,603		
	786,387			797,456		
Interest charged by the Government of Canada	714,353	72,034		722,507	74,949	
Forgiveness of loans			177,816			123,429
Federal-Provincial Agreements						
Interest earned	91,213			78,937		
Recovery of interest rate losses	315		315	329		329
Gain on disposal of land assembly projects	5,662			3,918		
	97,190			83,184		
Interest charged by the Government of Canada	69,311	27,879		63,683	19,501	
Losses arising from agreements			125,983			146,758
Agreements for Sale and Mortgages						
Interest earned	7,309			8,248		
Interest charged by the Government of Canada	3,680	3,629		4,115	4,133	
Real Estate						
Operating loss before interest charges			2,016			1,210
Interest charged by the Government of Canada			4,453			5,474
Gain on disposal of real estate		2,568			1,452	
Loss on disposal of properties acquired on default			4,247			15,593
Other Interest Income		12,859			16,308	
Other Income		6,849			3,234	
Grants, Direct Subsidies and Research			1,390,816			1,240,281
Margin on Financing Operations		125,818			119,577	
Expenses						
Administrative expenses	173,484			158,597		
Recoveries—From the Minister	(67,695)		67,695	(48,009)		48,009
—From Funds administered	(58,626)			(37,267)		
—Other	(10,977)	36,186		(12,762)	60,559	
Total charged to the Government of Canada—Schedule V			1,830,904			1,632,597
Income before Income Taxes		89,632			59,018	
Income Taxes—Current	41,428			28,489		
—Deferred	1,196	42,624		511	29,000	
Net Income transferred to Reserve Fund		47,008			30,018	
Balance in Reserve Fund, beginning of year		25,000			5,000	
		72,008			35,018	
Deduct: excess over authorized amount transferred to the credit of the Receiver General for Canada		47,008			10,018	
Balance in Reserve Fund, end of year		25,000			25,000	

See accompanying notes.

CORPORATE ACCOUNT

STATEMENT OF CHANGES IN FINANCIAL POSITION
(in thousands of dollars)

STATEMENT C3

	Year ended December 31, 1983		Year ended December 31, 1982	
	Direct Financing Operations	Grants, Contributions and Subsidies	Direct Financing Operations	Grants, Contributions and Subsidies
Cash Provided				
Operations				
Interest earned	840,205		847,832	
Cash recovered from the Government of Canada		1,979,702		1,453,548
Gain on disposal of land assembly projects	5,662		3,918	
Other receipts	79,020		56,318	
	924,887		908,068	
Borrowings from the Government of Canada	423,500		431,000	
Temporary borrowings			170,000	
Loan repayments	544,338		370,774	
Real estate disposals (net)			10,654	
Increase in accrued interest on borrowings	10,449		1,257	
Decrease in accrued interest on loans	8,162		24,569	
Decrease in agreements for sale and mortgages	9,010		4,157	
Increase in operating liabilities and deferred income	5,955			
Received from the Government of Canada on prior year's disbursements	150,326	(150,326)		
	2,076,627	1,829,376	1,920,479	1,453,548
Cash Applied				
Operations				
Interest expense (less interest capitalized, 1983 — $46,214, 1982 — $36,893)	729,466		738,462	
Expenditures made on behalf of the Government of Canada (less depreciation, 1983 — $1,528, 1982 — $1,973)		1,829,376		1,630,624
Administrative payments (less depreciation, 1983 — $1,397, 1982 — $1,724)	104,391		108,868	
Income taxes	42,624		29,000	
	876,481		876,330	
Increase in investments under federal-provincial agreements	103,493		98,513	
Increase in operating assets	54,233		8,421	
Increase in due from the Minister			177,076	(177,076)
Decrease in temporary borrowings	170,000			
Decrease in operating liabilities and deferred income			37,025	
Excess reserve transferred to the credit of the Receiver General for Canada	47,008		10,018	
Repayment of borrowings from the Government of Canada	449,613		371,919	
Loan advances	365,131		336,483	
Business premises, office furniture and equipment additions	3,063		2,425	
Reduction of unfunded obligation to employees' Pension Fund	4,435		2,269	
Real estate additions (net)	3,170			
	2,076,627	1,829,376	1,920,479	1,453,548

See accompanying notes.

CORPORATE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1983

Canada Mortgage and Housing Corporation was constituted as a Crown Corporation by an Act of Parliament on January 1, 1946. Its activities are regulated by the National Housing Act, the Canada Mortgage and Housing Corporation Act and, in certain respects, the Financial Administration Act, and include:

(i) Financing housing through the making of mortgage loans under specific conditions at interest rates normally at market rates which are generally higher than the rates it pays on funds borrowed from the Government of Canada.

(ii) Making certain payments or incurring expenses in the process of delivering housing programs on behalf of the federal government. These payments and expenses include grants, contributions, subsidies, loan forgiveness, losses on real estate, losses under federal-provincial agreements, interest rate losses, research and development, and specified administrative costs. The funding for these activities is provided for in Main or Supplementary Estimates which are tabled in Parliament. Parliamentary approval is by way of Appropriation Acts which authorize the responsible Minister to reimburse the Corporation for the specified payments and expenses for the fiscal year concerned. The Corporation seeks recovery through the year as payments and expenses are incurred.

(iii) Establishing a framework of confidence for mortgage lending by private institutions, the chief instrument being the provision of mortgage insurance. This facilitates an adequate supply of mortgage funds by reducing the risk to lenders and encouraging the secondary market trading of mortgages. To this end the Corporation administers on behalf of the Government of Canada certain Insurance and Guarantee Funds.

1. Significant Accounting Policies—Corporate Account

The Corporation follows generally accepted accounting policies or, in certain cases, accounting policies appropriate to the Corporation's activities and governing legislation. The financial statements of the Mortgage Insurance Fund and the Other Insurance and Guarantee Funds are not consolidated with these financial statements. The principal accounting policies followed by the Corporation are:

(a) Interest Income and Expense

Interest income and expense are accounted for on the accrual basis.

(b) Grants, Contributions and Subsidies

Grants, contributions and subsidies made on behalf of the Minister responsible for the Corporation and other Ministers of the Crown are recorded as recoverable when expenses are recognized.

(c) Loans

Loans are capitalized as funds are advanced. Where loans contain forgiveness clauses, such forgiveness is recorded when the loans are initiated and recovered from the Minister. Loans under certain programs give rise to interest rate losses which are recoverable from the Minister. No provisions are made for possible losses on loans. Losses on insured loans are recoverable from the Mortgage Insurance Fund while property acquired upon default of uninsured loans is subject to loss recovery as described under Real Estate.

(d) Real Estate

Real estate funded by the Corporation is recorded at cost. Real estate acquired upon default of loans is recorded at the unpaid loan balance plus interest accrued to the date of acquisition by default, together with acquisition expenditures and any modernization and improvement costs. Both the net operating costs prior to disposal and net losses resulting from the disposal of properties acquired upon default of loans are recoverable from the Minister. Profits on the sale of Corporation-funded real estate or real estate acquired without cost are recognized as income as payments are received.

(e) Depreciation

Depreciation of real estate funded by the Corporation is recorded on a straight-line basis over the term established for repayment of borrowings to finance construction or acquisition of the real estate.
Depreciation on business premises, office furniture and equipment is recorded on a diminishing balance basis at capital cost allowance rates in accordance with the provisions of the Income Tax Act, Canada.

(f) Federal-Provincial Agreements

Investments made under agreements with the provinces to encourage development of rental housing, land assembly, cooperative housing and rural and native housing are considered joint ventures. The underlying assets include agreements for sale, mortgages and real estate.
The Corporation has a seventy-five percent share in the joint ventures which is accounted for on the equity method. Where the Province is responsible for the administration of projects, the Corporation relies on financial information provided by the Province.
Gains on the sales of land assembly projects are retained by the Corporation and are recognized as income as payments are received. The timing of these sales is dependent on many factors and as a result the earnings derived therefrom fluctuate from year to year. Losses incurred on federal-provincial investments are recoverable from the Minister.

(g) Income Tax

The Corporation is subject to federal income tax and provides for income tax on the tax allocation basis. Under this basis the provision for income tax is determined from the earnings reported in the statement of operations rather than from the Corporation's income for tax purposes.

(h) Reserve Fund

Income or loss after income taxes is transferred to the Reserve Fund which is limited by Order-in-Council to $25 million. Any excess over this amount is transferred to the credit of the Receiver General for Canada.

(i) Employees' Pension Plan

Current service costs of the employees' pension plan are charged to earnings and funded on the basis of an actuarial study made at least every three years in accordance with the provisions of the Pension Benefits Standards Act which is administered by the Federal Department of Insurance.
Experience deficiencies or surpluses determined by actuarial study are recognized in the year in which such deficiencies or surpluses are identified. The remaining actuarial obligation will be funded by annual payments of principal and interest up to December 31, 1994. The actuarial study conducted in 1983 reflected an improved projection resulting in a downward adjustment of $1.2 million.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

2. Real Estate

The overall appraised value of real estate is in excess of its book value by $22 million. However, potential losses on specific properties could amount to $24 million based on appraised values determined at November 30, 1983.

3. Canadian Home Ownership Stimulation Plan (CHOSP)

The regulatory authority under which CHOSP payments are being made has been challenged by a Co-Chairman of the Standing Joint Committee of the Senate and Commons on Regulations and Statutory Instruments. The objections relate to lack of specific government regulations covering such payments, and lack of security where the payments represent forgivable loans. However, it is the Corporation's opinion that the amounts are properly authorized and secured under the National Housing Act.

4. Borrowings from the Government of Canada

The Corporation borrows from the Government of Canada under the provisions of Section 22 of the CMHC Act and Section 40 and 55 of the National Housing Act to finance investment in loans, federal-provincial agreements, real estate and agreements for sale and mortgages arising from sales of real estate. The borrowings are evidenced by debentures, which bear interest at varying rates and are repayable over periods not in excess of 50 years.

5. Contingent Liabilities

In the normal course of operations, the Corporation is subject to legal claims, the effect of which cannot be determined until they are settled. At December 31, 1983, most of the claims outstanding are not expected to have a result which would be significant in relation to the financial position of the Corporation. However, during 1982 a large number of actions were begun against the Corporation jointly with other parties claiming damages arising from installation of urea formaldehyde foam insulation, which total approximately $49 million. The Corporation does not admit liability in these cases but, until the actions have been heard by the courts, it is impossible to determine if there is a potential liability in this respect and thus no provision for possible loss arising from these legal actions is included in these financial statements. Should costs arise as a result of these actions they would be charged in the year when the costs are incurred.

6. Commitments

Commitments outstanding for investments under federal-provincial agreements and loans amounted to $800 million at December 31, 1983 (1982—$900 million).

7. Comparative Figures

The 1982 comparative figures have been reclassified to conform to the statement presentation adopted in 1983.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

LOANS
(in thousands of dollars)

SCHEDULE I

	Balance December 31		Advances during the year	
	1983	1982	1983	1982
Market Housing				
Uninsured loans				
Homeowners (NHA 1944)	13	20		
Student Housing	381,355	385,536		
Housing for Indians	38,198	32,202	7,284	
Assisted Home Ownership Programs				
1976 program	56,336	77,664	5,866	10,939
1978 program	4,933	5,103	970	1,835
Assisted Rental Program	430,711	329,606	107,200	75,164
Accrued interest	10,447	9,997		
	921,993	840,128	121,320	87,938
Insured loans				
Homeowners and Rentals	742,547	869,378	4,591	9,816
Assisted Home Ownership Program	474,769	589,622	9	315
Accrued interest	10,565	13,349		
	1,227,881	1,472,349	4,600	10,131
	2,149,874	2,312,477	125,920	98,069
Social Housing				
Uninsured loans				
Non-Profit and Limited Dividend	2,281,854	2,293,835	8,634	6,856
Public Housing	2,628,068	2,632,204	11,884	30,392
Housing for Indians	10,468	9,208	1,290	14,701
Accrued interest	128,169	128,887		
	5,048,559	5,064,134	21,808	51,949
Rehabilitation and Conservation				
Uninsured loans				
Residential Rehabilitation Assistance Program	162,645	162,805	172,758	134,530
Accrued interest	2,013	1,892		
	164,658	164,697		
Community Services				
Uninsured loans				
Municipal Sewage Treatment projects	1,123,745	1,128,996	27,441	39,122
Land Assembly	147,718	154,886	2,679	804
Neighbourhood Improvement Program	51,279	37,489	14,055	7,663
Urban Renewal	26,698	31,990	470	4,346
Accrued interest	37,627	42,858		
	1,387,067	1,396,219	44,645	51,935
	8,750,158	8,937,527	365,131	336,483
Uninsured loans	7,522,277	7,465,178	360,531	326,352
Insured loans	1,227,881	1,472,349	4,600	10,131
	8,750,158	8,937,527	365,131	336,483

CORPORATE ACCOUNT

INVESTMENTS UNDER FEDERAL-PROVINCIAL AGREEMENTS
(in thousands of dollars)

SCHEDULE II

	Balance December 31		Additions during the year	
	1983	1982	1983	1982
Rental housing	696,175	633,137	58,281	51,294
Land assembly	167,939	172,897	14,532	4,576
Rural and native housing	398,425	335,395	81,042	68,768
Co-operative housing	90,891	108,508	2	347
	1,353,430	1,249,937	153,857	124,985

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

REAL ESTATE
(in thousands of dollars)

SCHEDULE III

	Balance December 31		Additions during the year		Disposals during the year	
	1983	1982	1983	1982	1983	1982
Constructed by the Corporation or acquired from the Government of Canada						
Single houses	1,676	2,152	160	73	636	100
Row housing	2,393	2,382	11	28		
Multiple dwellings	2,361	4,917	336	169	2,892	
Acquired as a result of Default						
Single houses	1,413	2,448	1,678	2,974	2,713	2,220
Row housing	14,899	13,985	1,591	742	677	3,262
Multiple dwellings	33,073	38,702	5,715	12,626	11,344	26,194
Demonstration projects	15,231	12,072	3,611	6,414	452	5,893
Vacant land	20,669	15,563	10,976	1,177	5,870	234
Leased land	1,174	1,192			18	46
Other	13,297	13,258	39	1,548		1,203
Total, at cost	106,186	106,671	24,117	25,751	24,602	39,152
Accumulated depreciation	16,022	18,149				
	90,164	88,522				

CORPORATE ACCOUNT

BORROWINGS FROM THE GOVERNMENT OF CANADA
(in thousands of dollars)

SCHEDULE IV

	Balance December 31		Borrowed during the year		Repaid during the year	
	1983	1982	1983	1982	1983	1982
Loans	8,655,755	8,843,518	237,000	260,500	424,763	344,931
Investments under Federal-Provincial Agreements	1,326,508	1,173,945	173,500	165,500	20,937	22,606
Real Estate	77,771	68,684	13,000	5,000	3,913	4,382
	10,060,034	10,086,147	423,500	431,000	449,613	371,919
Accrued Interest	99,916	89,467				
	10,159,950	10,175,614				

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

GRANTS, CONTRIBUTIONS AND SUBSIDIES
(in thousands of dollars)

SCHEDULE V

	Year ended December 31	
	1983	1982
On Behalf of the Minister Responsible for the Canada Mortgage and Housing Corporation		
Market Housing		
Canadian Home Ownership Stimulation Plan		
Contributions	587,400	191,329
Loans repayable by contributions	(170,487)	170,487
Assisted Home Ownership Programs	7,395	13,578
Assisted Rental Program	36,837	32,297
Canada Rental Supply Plan	5,351	1,204
Canada Mortgage Renewal Plan	33,028	6,683
Interest and loan losses	9,114	5,836
	508,638	421,414
Social Housing		
Public Housing Subsidies	393,433	399,147
Non-profit and Co-operative Assistance	372,546	192,342
Community Resource Groups	7,153	8,656
Real estate operating losses	6,469	6,684
Real estate disposal losses	4,247	15,593
Summer youth employment	168	110
Interest and land lease losses	18,522	18,795
	802,538	641,327
Rehabilitation and Conservation		
Residential Rehabilitation Assistance Program	182,800	135,170
Canada Home Renovation Plan	173,775	36,956
Emergency Repair	2,073	1,526
Interest and loan losses	4,537	2,283
	363,185	175,935
Community Services		
Neighbourhood Improvement Program	17,179	14,092
Municipal Incentive Grants		2,500
Municipal Water and Sewage Loan Forgiveness	6,248	13,269
Community Service Contribution Program	15,301	87,253
Urban Renewal Program	2,034	7,947
Interest and land disposal losses	1,945	4,756
	42,707	129,817
Research, Development, Demonstration and Information		
External Research	9,222	8,105
Information to Public	1,187	1,494
Internal Research Recoveries	12,415	11,968
Granville Island		370
Energy Programs	282	108
	23,106	22,045
	1,740,174	1,390,538
On Behalf of the Minister of Energy, Mines and Resources		
Home Insulation Grants	90,730	207,847
Canada Oil Substitution Program		34,212
	90,730	242,059
Total charged to the Government of Canada	1,830,904	1,632,597

AUDITORS' REPORT

TO THE HONOURABLE ROMÉO LEBLANC, P.C., M.P.
MINISTER RESPONSIBLE FOR
CANADA MORTGAGE AND HOUSING CORPORATION

We have examined the balance sheets of the Mortgage Insurance Fund and the Other Insurance and Guarantee Funds administered by Canada Mortgage and Housing Corporation as at December 31, 1983 and the related statements of operations and deficit or surplus and statements of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Funds as at December 31, 1983 and the results of their operations and changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Funds that have come under our notice have been within the statutory powers of the Corporation.

CHARLES RONDEAU, C.A.
of the firm
Mallette, Benoit, Boulanger, Rondeau & Associés
JAMES J. SMITH, C.A.
of the firm
Burke, Newman & Co.

Ottawa, February 24, 1984

FUNDS ADMINISTERED — MORTGAGE INSURANCE FUND

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

STATEMENT F1

ASSETS	1983	1982
Accounts Receivable	14,109	14,075
Short Term Securities	32,106	35,685
Due from Canada Mortgage and Housing Corporation		22,119
Mortgages		
Accepted in lieu of claims	19,044	13,762
Arising from sales of real estate	105,636	121,570
	124,680	135,332
Real Estate		
At cost	275,901	331,141
Less: provision for revaluation	124,707	130,194
	151,194	200,947
	322,089	408,158

LIABILITIES	1983	1982
Accounts Payable and Accrued Liabilities	17,416	11,605
Provision for Loss on Claims	141,350	57,702
Unearned Premiums	174,373	131,076
Premium Deficiency	196,905	119,893
Due to Canada Mortgage and Housing Corporation	6,308	
Borrowings from the Government of Canada (Note 2)	298,980	340,832
	835,332	661,108
Deficit (Note 3)	513,243	252,950
	322,089	408,158

See accompanying notes.

ROBERT C. MONTREUIL
President

HAROLD S. PERRIE
Chief Accountant

FUNDS ADMINISTERED—
MORTGAGE INSURANCE FUND

STATEMENT OF OPERATIONS AND DEFICIT
(in thousands of dollars) STATEMENT F2

	Year ended December 31	
	1983	1982
Revenue		
Premiums	54,536	35,277
Application fees	17,071	8,850
Interest	17,783	17,585
Total Revenue	89,390	61,712
Expenses		
Insurance issuance	38,626	15,930
Claims	215,362	87,787
Real estate	(23,667)	25,172
Interest	41,481	43,731
General administration	869	3,293
	272,671	175,913
Adjustment to premium deficiency	77,012	(85,509)
Total Expenses	349,683	90,404
Net Loss	260,293	28,692
Deficit, beginning of year	252,950	224,258
Deficit, end of year	513,243	252,950

See accompanying notes.

FUNDS ADMINISTERED—
MORTGAGE INSURANCE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
(in thousands of dollars) STATEMENT F3

	Year ended December 31	
	1983	1982
Cash Provided		
Operations		
Proceeds from real estate sales	288,242	294,281
Premiums	97,833	33,277
Application fees	17,071	8,850
Interest	16,948	15,749
	420,094	352,157
Mortgage repayments	19,160	19,251
Advances from Canada Mortgage and Housing Corporation	28,427	
Short term securities redeemed	3,586	
	471,267	371,408
Cash Applied		
Operations		
Claims	295,869	213,729
Real estate operations	32,602	37,667
Administrative charges	58,481	37,157
Interest	44,315	40,709
	431,267	329,262
Advances to Canada Mortgage and Housing Corporation		6,461
Investment in short term securities		35,685
Repayment of borrowings from the Government of Canada	40,000	
	471,267	371,408

See accompanying notes.

FUNDS ADMINISTERED—
OTHER INSURANCE AND GUARANTEE FUNDS

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars) STATEMENT F4

	Home Improvement Loan Insurance Fund		Rental Guarantee Fund	
ASSETS	1983	1982	1983	1982
Cash	4	2		
Short Term Securities	6,941	6,402	19,254	17,474
Mortgages	22	26	10,075	8,963
	6,967	6,430	29,329	26,437

	Home Improvement Loan Insurance Fund		Rental Guarantee Fund	
LIABILITIES	1983	1982	1983	1982
Due to Canada Mortgage and Housing Corporation	18	7	7	5
Unearned Premiums	17	31		
Surplus	6,932	6,392	29,322	26,432
	6,967	6,430	29,329	26,437

See accompanying notes.

FUNDS ADMINISTERED— OTHER INSURANCE AND GUARANTEE FUNDS

STATEMENT OF OPERATIONS AND SURPLUS

(in thousands of dollars) STATEMENT F5

	Year ended December 31			
	Home Improvement Loan Insurance Fund		Rental Guarantee Fund	
	1983	1982	1983	1982
Revenue				
Premiums	18	27		
Recoveries on claims paid	49	68		
Interest	633	584	1,745	1,668
Income from mortgages	2	4	1,164	1,216
Total Revenue	702	683	2,909	2,884
Expenses				
Claims	69	54		
Rental subsidy			14	31
General administration	93	149	5	13
Total Expenses	162	203	19	44
Net Income	540	480	2,890	2,840
Surplus, beginning of year	6,392	5,912	26,432	23,592
Surplus, end of year	6,932	6,392	29,322	26,432

See accompanying notes.

FUNDS ADMINISTERED— OTHER INSURANCE AND GUARANTEE FUNDS

STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars) STATEMENT F6

	Year ended December 31			
	Home Improvement Loan Insurance Fund		Rental Guarantee Fund	
	1983	1982	1983	1982
Cash Provided				
Operations				
Interest	633	584	1,745	1,668
Other income	69	99	1,164	1,216
Decrease in mortgage receivable	4	27		1,582
Increase in advances from Canada Mortgage and Housing Corporation	11		2	
	717	710	2,911	4,466
Cash Applied				
Rental subsidy			14	31
Operating expenses	162	203	5	13
Investment in short term securities and cash	541	443	1,780	4,393
Increase in mortgage			1,112	
Decrease in advances from Canada Mortgage and Housing Corporation		46		29
Reduction in unearned premiums	14	18		
	717	710	2,911	4,466

See accompanying notes.

FUNDS ADMINISTERED

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1983

The Corporation administers certain Insurance and Guarantee Funds on behalf of the Government of Canada. The Mortgage Insurance Fund, the largest of the Funds, is the chief instrument for establishing a framework of confidence for mortgage lending by private institutions. This instrument facilitates an adequate supply of mortgage funds by reducing the risk to lenders and encouraging the secondary market trading of mortgages. The Mortgage Insurance Fund was established to provide for claims made under the National Housing Act and is the depository for the mortgage insurance premiums paid by borrowers. To the extent that the assets of the Fund are not sufficient to meet claims against it, the Minister at the request of the Corporation may, out of the Consolidated Revenue Fund, advance to the Corporation upon terms and conditions approved by the Governor-in-Council the amounts necessary to enable the Corporation to discharge its obligations on behalf of the Mortgage Insurance Fund.

1. Significant Accounting Policies—Funds Administered

The financial statements of the Insurance and Guarantee Funds are prepared in accordance with generally accepted accounting principles. The principal accounting policies are:

(a) Mortgages

Mortgages include unpaid principal plus accrued interest.

Mortgages accepted in lieu of claims are shown net of a provision for expected defaults and a provision for interest loss where the mortgage interest rate is lower than the Fund's borrowing rate.

(b) Real Estate

Real estate is acquired upon the payment of a claim resulting from a loan default and is valued at the lower of cost and net realizable value. Cost is comprised of the unpaid loan balance plus interest accrued to the date of acquisition together with acquisition and capital improvement expenditures. Net realizable value is calculated as the current appraised value of the property, as determined by the Corporation, less the discounted value of estimated selling, operating and interest holding costs. Depreciation is not recorded on the real estate.

(c) Provision for Loss on Claims

This provision represents the estimated loss to be incurred on claims in the process of payment and on claims incurred but not yet received by the Corporation.

(d) Premium Deficiency

The premium deficiency represents the excess of estimated discounted costs on future claims over the amount of unearned premium revenue relating to the policies in force. The premium deficiency at the end of each year is estimated using actuarial valuations undertaken by the Corporation.

(e) Premiums

Premiums on insurance policies relate both to the risk insured and the costs of issuing the policy. The risk-related portion is deferred and taken into income as earned over the life of the related policies. The formulae under which the premiums are earned relate to the amount of risk in each year of coverage using risk factors established by the Federal Department of Insurance. The portion relating to issuance costs is taken into income as received.

FUNDS ADMINISTERED

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

(f) Application Fees

Application fees received on insurance policies are taken into income as received. Prior to Royal Assent on Bill C-89 on April 8, 1982, these fees were retained in the Corporate Account.

(g) Insurance Issuance Costs

Insurance issuance costs are expensed as incurred. Prior to Royal Assent on Bill C-89 on April 8, 1982, all insurance issuance costs were expensed in the Corporate Account.

(h) Interest Income and Expense

Interest income and expense are recorded on the accrual basis.

(i) Income Tax

The Insurance and Guarantee Funds are not subject to the provisions of the Income Tax Act, Canada.

2. Borrowings from the Government of Canada—Mortgage Insurance Fund

The Corporation borrows from the Government of Canada, on behalf of the Fund, under provisions of Section 9 of the National Housing Act, in order to meet the Fund's obligations. The borrowings are evidenced by notes payable. These notes bear interest at varying rates equal to the rates which the Minister of Finance approves for loans to Crown Corporations and are repayable not later than March 31, 1985.

3. Actuarial Valuation—Mortgage Insurance Fund

An actuarial study of the Mortgage Insurance Fund undertaken by the Corporation during the year disclosed that the Fund continues to be inadequate to pay all future claims in respect of business in force. The actuarial deficit as at September 30, 1983, estimated to be $475 million, has accumulated to $513 million at December 31, 1983.

The deficit results from the charging of inadequate premiums primarily with respect to the Assisted Home Ownership and Assisted Rental Programs.

If the assumptions made in the actuarial study as to future trends are borne out by events, the deficit could result in a request to the Government of Canada for the funds necessary for the Corporation to discharge its obligations as provided for in the National Housing Act.

4. Insurance in Force—Mortgage Insurance Fund

At December 31, 1983, the insurance policies in force totalled approximately $33.5 billion (1982—$29.1 billion).

SUMMARY PAGE

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANDATE:

To construct in the National Capital Region the National Gallery, the National Museum of Man and any other museum which the Governor in Council may direct.

BACKGROUND:

The main structures of the corporation's two projects are scheduled for completion in 1986-87.

CORPORATION DATA:

HEAD OFFICE:	55 Murray Street Ottawa, Ontario K1N 5M3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Roch LaSalle, P.C., M.P.
DEPARTMENT:	Public Works
DATE AND MEANS OF INCORPORATION:	Letters patent (No. 0132114) June 21, 1982, under the *Canada Business Corporations Act*.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	M.A.J. Lafontaine
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83
At the end of the period:		
Total Assets	15.5	3.5
Obligations to the private sector	nil	nil
Obligations to Canada	nil	nil
Equity of Canada	13.4	2.6
Cash from Canada in the period		
— budgetary	10.8	2.6
— non-budgetary	nil	nil

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

AUDITOR'S REPORT

THE HONOURABLE FRANCIS FOX, P.C., M.P.
MINISTER OF COMMUNICATIONS

I have examined the balance sheet of Canada Museums Construction Corporation Inc. as at March 31, 1984 and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 7, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Cash	1,406	652
Accounts receivable	195	150
Construction in progress (Schedule)	13,869	2,689
	15,470	3,491

LIABILITIES	1984	1983
Accounts payable and accrued liabilities	2,118	915
SHAREHOLDERS' EQUITY		
Capital stock (Note 3)		
Contributed capital (Note 4)	13,352	2,576
	15,470	3,491

Approved by the Board:

J. A. H. MACKAY
Director

ROBERT RABINOVITCH
Director

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of funds		
Contributed capital (Note 4)	10,776	2,576
Accounts payable and accrued liabilities	1,203	915
	11,979	3,491
Application of funds		
Construction in progress (Schedule)	11,180	2,689
Accounts receivable	45	150
	11,225	2,839
Increase in funds	754	652
Cash, beginning of year	652	
Cash, end of year	1,406	652

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and activities

The Corporation was incorporated on June 21, 1982 under the Canada Business Corporations Act. The Corporation is an agent of Her Majesty pursuant to the Government Companies Operations Act, and is named as an agency Crown corporation in Schedule C of the Financial Administration Act. Two-thirds of the capital stock is held by the Canada Lands Company Limited, also a Schedule C Crown corporation, and one-third is held by the Minister of Communications. The shareholders have entered into appropriate agreements to ensure that control of the Corporation lies with the Minister of Communications.

The business of the Corporation is limited to the construction, in the National Capital Region, of buildings for the National Gallery of Canada, the National Museum of Man or any other national museum which the Governor in Council may direct from time to time, including the acquisition, control, administration and disposal of the lands required for the construction.

Cabinet has approved the construction sites, architects, building concepts as developed by the architects and the long-term forecast of the building schedule and funding requirements for each Museum. The Cabinet Committee on Priorities and Planning had originally allocated a total of $185 million to be split evenly between the two museums, excluding the cost of sites for the construction of the Museums. In November 1983, the Committee approved a further $4.85 million for additional parking spaces for the National Gallery of Canada and $1.6 million to cover cost increases.

The Corporation has obtained the necessary license for the National Gallery of Canada site and negotiation is in progress with a federal agency and other parties concerned to seek license for the National Museum of Man site.

Unless otherwise directed by the Governor in Council, the Corporation shall be wound up after completion of the Museums construction projects, scheduled for completion by March 31, 1987.

2. Accounting policies

(a) Basis of accounting

These financial statements account for the costs incurred by the Corporation on the construction of the Museums. They do not account for costs incurred by others for sites and accommodations planning.

(b) Capitalization

All expenditures including those for site evaluation, design, construction and administration will be capitalized until the Museums are completed. Interest and other income is credited to construction in progress. Costs are allocated directly to each Museum when they can be specifically identified. All other costs are allocated equally to each Museum.

3. Capital stock

Three shares are authorized, issued and fully paid at $1 per share and shall not be transferred without the approval of the Governor in Council.

4. Contributed capital

During the year, $10.776 million (1983—$2.576 million) was provided by Department of Public Works Vote 11c (1983—Votes 11b and 11c) for the expenditures of the Corporation.

5. Pension plans

The Corporation has entered into an agreement with one of its officers to provide him with supplementary pension benefits. Provided all terms and conditions of his employment agreement are fulfilled, the officer shall receive upon termination of employment on March 31, 1987, an annual pension of $35,000 together with the officer's other pension funds transferred from previous employment, indexed to the greater of the cost of living or 6%. It was estimated by an independent actuary that an amount of $239,000 is required to provide the officer with his annual pension. The Corporation has substantially paid its pension liability as at March 31, 1984.

In addition, the Corporation has instituted with a private sector organization a contributory pension plan covering all its regular employees. The employees and the Corporation contribute equally to the cost of the plan. The Corporation's contributions represent its total liability and are recognized in the accounts on a current basis.

Pension costs for these plans amounted to $54,000 for the year ended March 31, 1984 (1983—$247,000).

By Order in Council, the Corporation became subject to the Government Companies Operations Act on April 21, 1983. As required by the Act, the Corporation has submitted its pension plan for Governor in Council approval. The Corporation has been advised by Treasury Board Secretariat that it will support the submission, however, the approval of Governor in Council is still forthcoming.

6. Contractual obligations

As at March 31, 1984, commitments for construction costs amounted to approximately $15.9 million.

7. Lease commitment

The Corporation has accepted an offer to lease the office space it now occupies. Under the terms of the offer the future minimum rental payments will be as follows:

	(in thousands of dollars)
1985	389
1986	389
1987	453
	1,231

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

8. Contingency

The municipalities of the City of Ottawa and Hull, where the two project sites are located, are seeking building fee permits and development charges from the Corporation in the amount of $1.2 million. The Corporation, based upon the opinion of its legal counsel, has opposed the payment of these fees and charges. Consequently, no provision has been made in the accounts.

9. Subsequent event

The Corporation, in its opinion, can satisfy the spatial and environmental requirements of the two Museums for the amount allocated by the Government, however, it cannot provide certain amenities and refinements which would give the buildings greater architectural presence. Accordingly, on May 25, 1984, the Corporation announced that, following Cabinet approval, an appeal with a target of $24 million will be made to the private sector for funds to improve the quality of the two Museums.

10. Administration expenditures

The Corporation incurred the following administration expenditures for the year ended March 31, 1984, which have been allocated equally to each Museum on the Schedule of Construction in Progress:

	1984	1983
	(in thousands of dollars)	
Salaries and employee benefits	1,046	681
Professional and special services	447	316
Office accommodation	351	136
Travel, transportation and communication	269	202
Office furniture and equipment	196	189
Public information	91	52
Utilities, material and supplies	86	72
Rental of equipment	62	47
Other	10	1
	2,558	1,696

SCHEDULE OF CONSTRUCTION IN PROGRESS
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	National Gallery of Canada			National Museum of Man			Total		
	1983	Expenditures	1984	1983	Expenditures	1984	1983	Expenditures	1984
Site evaluation	108		108	108		108	216		216
Architects and consultants	369	2,702	3,071	480	2,350	2,830	849	5,052	5,901
Construction managers		419	419		509	509		928	928
Other construction costs		2,445	2,445		542	542		2,987	2,987
	477	5,566	6,043	588	3,401	3,989	1,065	8,967	10,032
Administration (Note 10)	848	1,279	2,127	848	1,279	2,127	1,696	2,558	4,254
	1,325	6,845	8,170	1,436	4,680	6,116	2,761	11,525	14,286
Less:									
Interest income	36	81	117	36	81	117	72	162	234
Sale of excavated rock		183	183					183	183
	36	264	300	36	81	117	72	345	417
	1,289	6,581	7,870	1,400	4,599	5,999	2,689	11,180	13,869

SUMMARY PAGE

CANADA PORTS CORPORATION

MANDATE:

Planning and coordinating the development of the 15 ports and harbours previously administered by The National Harbours Board to achieve the objectives of the national ports policy and support Canadian international trade objectives as well as other social and economic objectives. The corporation is also responsible for the direct administration, management and control of the ports and harbours not granted local port corporation status.

BACKGROUND:

The corporation was established in 1983 with responsibility for the 15 ports and harbours across Canada that previously fell under the jurisdiction of The National Harbours Board. Subsequently, local port corporations were established at Montreal and Vancouver (in July 1983) and at Halifax, Quebec and Prince Rupert (in June of 1984) and these are now operating with a high degree of local autonomy.

CORPORATION DATA:

HEAD OFFICE:	Tower A, Place de Ville 320 Queen Street Ottawa, Ontario, K1A 0N6
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	*National Harbours Board Act*, RSC, 1970, c. N-8, s.3; reconstituted by the *Canada Ports Corporation Act*, SC 1980-81-82-83, c. 121, s.1 (proclaimed February 24, 1983)
CHIEF EXECUTIVE OFFICER:	Denis de Belleval
CHAIRMAN:	Ronald Huntington
AUDITOR:	Touche Ross and Co.

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984	1983
At the end of the year:		
Total Assets	245.2	445.8
Obligations to the private sector	nil	nil
Obligations to Canada	105.2	216.5
Equity of Canada	105.6	185.9
Cash from Canada in the year		
— budgetary	35.0	23.8
— non-budgetary	4.9	7.1

CANADA PORTS CORPORATION

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

THE BOARD OF DIRECTORS
CANADA PORTS CORPORATION

I have examined the balance sheet of the Canada Ports Corporation as at December 31, 1983 and the statements of income, deficit, contributed capital and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the changes in accounting policies as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith.

WALTER DUBOWEC, F.C.A.
of Touche Ross & Co.

Winnipeg, Manitoba
March 5, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982 (restated Note 3)	LIABILITIES	1983	1982 (restated Note 3)
Current			Current		
Cash	1,356	2,830	Accounts payable and accrued liabilities (Note 9)	19,195	40,070
Investments (Note 5)	92,814	154,381	Grants in lieu of municipal taxes	2,031	12,601
Accounts receivable	13,405	32,397		21,226	52,671
Due from Canada	2,017	6,508			
Materials and supplies	756	2,379	Long-term		
	110,348	198,495	Accrued employee benefits	3,506	9,434
			Financing provided by a province (Note 10)	19,406	20,610
			Loans from Canada (Note 11)	166,617	506,914
			Recoverable contribution from Canada (Note 12)	49,152	40,773
				238,681	577,731
Long-term			EQUITY OF CANADA		
Investments (Note 5)	26,476	82,211	Contribution from Canada (Note 14)	20,072	20,072
Amounts receivable	238	6,526			
	26,714	88,737	Contributed capital	322,385	349,361
Investment in Ridley Terminals Inc. (Note 6)	19,271	4,329	Deficit	156,521	185,542
Fixed (Note 8)	289,510	522,732		165,864	163,819
	445,843	814,293		445,843	814,293

On behalf of the Board:

GLENN W. McPHERSON
Chairman

JACQUES AUGER
President and Chief Executive Officer

CANADA PORTS CORPORATION—*Continued*

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982 (restated Note 4)
Revenue from operations	60,761	58,563
Operating and administrative expenses	43,817	38,179
Depreciation	9,248	8,592
Grants in lieu of municipal taxes	4,495	3,322
Interest expense	3,053	1,835
	60,613	51,928
Net income from operations	148	6,635
Investment income	12,852	15,986
Net income before the undernoted items	13,000	22,621
Net income of the Port of Montréal and the Port of Vancouver (Note 4)	14,941	34,882
Unusual item (Note 15)	(11,800)	
Net income	16,141	57,503

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Deficit at beginning of the year	185,542	243,045
Net income	16,141	57,503
	169,401	185,542
Deficit assumed by Montréal Port Corporation (Note 4)	(80,316)	
Surplus transferred to Vancouver Port Corporation (Note 4)	67,436	
Deficit at end of the year	156,521	185,542

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Contributed capital at beginning of the year	349,361	349,361
Contributed capital transferred to Montréal Port Corporation (Note 4)	(19,243)	
Contributed capital transferred to Vancouver Port Corporation (Note 4)	(7,733)	
Contributed capital at end of the year	322,385	349,361

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982 (restated Note 3)
Funds provided		
Operations		
Net income	16,141	57,503
Items not requiring an outlay of funds		
Depreciation	13,572	18,228
Deferred interest	1,855	
Unusual item (Note 15)	11,800	
Other	1,343	(17)
	44,711	75,714
Loans from Canada	7,110	7,875
Recoverable contribution from Canada	8,379	40,597
Contribution from Canada		20,072
Capital grants	15,425	23,969
Proceeds on sale of long-term investments	5,076	
Other	77	1,128
	80,778	169,355
Funds employed		
Additions to fixed assets	54,615	125,563
Investment in Ridley Terminals Inc.	14,942	4,305
Loans from Canada currently payable	747	711
Reduction of debt to a province	1,204	183
	71,508	130,762
Increase in working capital before transfers to local port corporations	9,270	38,593
Working capital transferred to Montréal Port Corporation (Note 4)	(36,894)	
Working capital transferred to Vancouver Port Corporation (Note 4)	(29,078)	
(Decrease) increase in working capital	(56,702)	38,593
Working capital at beginning of the year	145,824	107,231
Working capital at end of the year	89,122	145,824

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Canada Ports Corporation Act

The Canada Ports Corporation Act passed by the House of Commons on July 26, 1982 and proclaimed effective on February 24, 1983, amended the National Harbours Board Act and changed the name of National Harbours Board to Canada Ports Corporation. The Act provides for the establishment of local port corporations to manage and operate selected ports. As a Schedule C corporation under the Financial Administration Act, the Corporation is exempt from income tax.

2. Significant accounting policies

(a) Financial statements

The financial statements of the Corporation include the accounts of all the ports and other facilities under its administration. The activities of the local port corporations are excluded from the financial statements from the date of their establishment.

(b) Investment in Ridley Terminals Inc.

The investment in Ridley Terminals Inc. is accounted for on the equity basis.

(c) Investments

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(d) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.
Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(e) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(f) Insurance

The Corporation assumes substantially all risks against fire and general perils, as well as for workmen's compensation claims. Any costs arising from these risks are recorded in the accounts in the year they can be reasonably estimated.

(g) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. After the amounts have been audited by the Municipal Grants Division of Public Works Canada, any adjustments upon finalization are reflected in the accounts in the year of settlement.

(h) Employee benefits

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements, or in accordance with its policy.

(i) Interest on contribution from Canada

Interest on the contribution from Canada is reflected in the financial statements in the year paid as it is contingent upon the receipt of dividends from Ridley Terminals Inc.

3. Changes in accounting policies

(a) Investment in Ridley Terminals Inc.

Effective in 1983, the investment in Ridley Terminals Inc. is accounted for on the equity basis. Although the Corporation owns 90% of the voting shares, it only exercises joint control as a result of the shareholders' agreement entered into with the other shareholder. In 1982, the accounts of Ridley Terminals Inc., were consolidated with those of the Corporation. The equity basis of accounting has been applied retroactively and the prior year's figures restated accordingly.

(b) Contribution from Canada

Effective in 1983, the contribution from Canada for the purchase of shares in Ridley Terminals Inc. has been included in Equity of Canada because of the purpose of the contribution, the terms and the contingent nature of the interest. In 1982, this contribution was reported as a long-term liability and has been restated in the current year.

4. Local Port Corporations

Effective July 1, 1983, the Port of Montréal and the Port of Vancouver were established as local port corporations under the names of Montréal Port Corporation and Vancouver Port Corporation.

In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred at their carrying value in the accounts of the Corporation to the two local port corporations as follows:

	Montréal Port Corporation	Vancouver Port Corporation
	(in thousands of dollars)	
Assets		
Working capital	36,894	29,078
Long-term investments	38,412	11,952
Long-term amounts receivable	1,061	5,248
Fixed	107,636	138,422
	184,003	184,700
Liabilities		
Long-term accrued employee benefits	5,248	844
Loans from Canada	239,828	108,687
	245,076	109,531
Equity		
Contributed capital	19,243	7,733
(Deficit) surplus	(80,316)	67,436
	184,003	184,700

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

The results of operations of the Port of Montréal and the Port of Vancouver for the six month period ended June 30, 1983 and for the year ended December 31, 1982 are as follows:

	1983	1982
	(in thousands of dollars)	
Revenue from operations	68,280	132,788
Operating and administrative expenses	52,901	97,790
Depreciation	4,324	9,636
Grants in lieu of municipal taxes	2,543	5,083
Interest expense	462	961
	60,230	113,470
Net income from operations	8,050	19,318
Investment income	6,891	15,564
Net income	14,941	34,882

5. Investments

	1983		1982	
	(in thousands of dollars)			
	Cost	Market Value	Cost	Market Value
Short-term	92,814	92,597	154,381	155,203
Long-term	26,476	25,794	82,211	82,833

6. Investment in Ridley Terminals Inc.

Order in Council (PC 1981-3669) dated December 18, 1981 authorized the Corporation to enter into an agreement with Federal Commerce and Navigation Ltd. for the development, management and operation of a coal terminal facility on Ridley Island at the Port of Prince Rupert. A company, Ridley Terminals Inc., was incorporated on December 18, 1981 under the Canada Business Corporations Act for this purpose. The agreement stipulates that at least 90% of the common (voting) shares of Ridley Terminals Inc. shall be allotted and issued to the Corporation and that the Corporation shall acquire class A preference shares equal in value to the class B preference shares issued to the other shareholder.

At December 31, 1983, the Corporation had acquired, at a cost of $19,571,000, 90% of the issued common shares and 100% of class A preference (non-voting) shares of Ridley Terminals Inc. In accordance with the agreement, the Corporation is committed to purchase shares of Ridley Terminals Inc. up to a maximum of $23,021,000.

At December 31, 1983, Ridley Terminals Inc. was in its start-up phase. As a result, all terminal operating costs, net of revenues, are being deferred.

The balance sheet of Ridley Terminals Inc. as reported in its audited financial statements shows:

	December 31, 1983	December 31, 1982
	(in thousands of dollars)	
Assets		
Current	1,201	3,414
Deferred operating costs	2,465	235
Fixed	218,967	65,565
	222,633	69,214
Liabilities		
Current	15,667	17,677
Demand bank loan	167,824	42,479
	183,491	60,156
Share capital	39,142	9,058
	222,633	69,214

Preferred dividends and interest in arrears at December 31, 1983, amount to:

	Dividends	Interest
	(in thousands of dollars)	
Class A preference shares	2,340	128
Class B preference shares	5,122	311
	7,462	439

7. Debentures of Saint John Harbour Bridge Authority

The Saint John Harbour Bridge Authority is indebted in the amount of $14,447,000 (1982—$14,532,000) to the Corporation which in turn is indebted to Canada in the same amount, in accordance with the provisions of Vote L106b, Appropriation Act No. 7, 1967, 1967-68, c.8. The interest and repayment terms of the parliamentary advances to the Corporation are identical to those of the debentures of the Authority. Under the terms of the agreement between Canada and the Authority, Canada has, in effect, guaranteed the repayment of both principal and interest on the debentures. Therefore, both the debentures received and advances and loans payable to Canada have been offset against each other and are not reflected as a separate asset and liability on the balance sheet. Interest income and expense of $991,000 (1982—$996,000) have been similarly offset and do not appear in the statement of income.

On July 9, 1981, Treasury Board agreed to the transfer of the responsibility for the administration of the indebtedness of the Saint John Harbour Bridge Authority as well as the equivalent loan payable to Canada from the accounts of the Corporation to those of Transport Canada. As at December 31, 1983, this transfer had not been completed.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

8. Fixed assets

(a) Summary

	Depreciation rates %	1983 Cost	1983 Accumulated Depreciation	1983 Net	1982 Net
		(in thousands of dollars)			
Land		75,735		75,735	134,385
Dredging	2.5-6.7	18,461	11,179	7,282	12,305
Berthing structures	2.5-10	156,270	73,521	82,749	130,318
Buildings	2.5-10	73,365	41,049	32,316	77,615
Utilities	3.3-10	18,804	6,791	12,013	22,229
Roads and surfaces	2.5-10	18,952	9,512	9,440	31,637
Machinery and equipment	5-100	29,730	21,710	8,020	20,912
Office furniture and equipment	20	1,868	1,061	807	902
Projects under construction		61,148		61,148	92,429
		454,333	164,823	289,510	522,732

(b) Capital grants

During the year, the Corporation received capital grants totalling $15,425,000 (1982—$23,969,000) towards the construction of capital projects, of which $10,549,000 (1982—$23,890,000) was received from Canada.

(c) Capital expenditure commitments

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $13,832,000, of which most will be expended in the year ending December 31, 1984.

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following:

	1983	1982
	(in thousands of dollars)	
Deferred revenues	2,179	5,597
Current portion of long-term liabilities	1,719	1,133

10. Financing provided by a province

The Province of New Brunswick advanced $25,000,000 to partially finance the construction of Rodney Terminal, Saint John, which is owned by the Corporation. Until the non-interest bearing advance is repaid, the Province will receive 47% of the net operating income of the terminal as payment of principal.

11. Loans from Canada

	1983	1982
	(in thousands of dollars)	
Loans bearing interest at 6.44% to 15.625% with blended annual principal and interest repayment requirements of $3,873,000 and maturing between December 31, 1993 and 2002	25,336	32,424
Less: current portion (included in accounts payable and accrued liabilities)	747	711
	24,589	31,713
Deferred interest	1,855	
Non-interest bearing loans with indefinite due date	108,250	317,739
Accrued interest on loans not due and payable	31,923	157,462
	166,617	506,914

Loans of $14,856,000 from Canada for the construction of new terminal facilities for the Port of Saint John bear interest at rates of between 11.0% and 15.6%. Payment of the interest on these loans is deferred until construction is complete and then repayment is to be over a period of ten years.

Principal repayment requirements over the next five years amount to $747,000 in 1984, $833,000 in 1985, $928,000 in 1986, $1,034,000 in 1987 and $1,153,000 in 1988.

12. Recoverable contribution from Canada

A recoverable contribution of $50,400,000 was approved for the construction of the infrastructure for the coal terminal facility on Ridley Island, Port of Prince Rupert. The contribution received as of December 31, 1983 amounted to $49,152,000 (1982—$40,773,000).

The total recoverable contribution is interest-free until April 1, 1989 and thereafter bears interest at approximately 13.9%.

Principal and interest on $48,300,000 of the contribution are repayable over 20 years, commencing on April 1, 1989 contingent upon the revenues received from a direct coal throughput surcharge. The balance of $2,100,000 is repayable on a fixed, blended principal and interest basis over 20 years, commencing on April 1, 1989.

13. Contingencies

Claims aggregating approximately $14,000,000 in respect of lawsuits, guarantees, employee agreements, damage allegedly suffered on the Corporation's property and sundry other matters in dispute have been received by the Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material financial liability.

14. Contribution from Canada

In 1982, the Corporation received from Canada a contribution of $20,072,000 for the purchase of shares in Ridley Terminals Inc. The terms and conditions of repayment of the contribution are to be determined between Treasury Board and the Corporation prior to April 1, 1989.

Interest is to be calculated on the contribution at the average borrowing rate for Crown corporations in effect while the contribution is outstanding. The payment of principal and interest is contingent upon the receipt of dividends from Ridley Terminals Inc. Interest on this contribution will be reflected in the financial statements in the year paid. At December 31, 1983, the interest accumulated is approximately $4,600,000.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

15. Unusual item

The unusual expense results from the write-down of the cost of a pier to reflect the major future costs required to bring the pier back to a normal operating condition.

16. Subsequent event

In accordance with the Canada Ports Corporation Act, the petitions for the establishment of local port corporations at the Port of Halifax, the Port of Quebec and the Port of Prince Rupert were approved during 1983. The local port corporations will be established when letters patent of incorporation are issued which is expected to be during 1984.

As at December 31, 1983, these ports accounted for working capital of $43,261,000, deficit of $98,411,000, total assets of $213,226,000 and net income of $7,774,000 in the financial statements of the Corporation.

17. Comparative figures

The prior year's financial statements which have been restated are derived from financial statements reported on by another auditor.

The 1982 figures have been reclassified in order to conform with this year's presentation.

SUMMARY PAGE

CANADA POST CORPORATION

MANDATE:

To establish and operate a postal service for the collection, transmission and delivery, both domestically and internationally, of messages, information, funds and goods. To manufacture and provide such products and services as are necessary or incidental to the postal service.

BACKGROUND:

The *Canada Post Corporation Act* requires the corporation to fulfill its mandate while "improving and providing an improved level of service," having regard to the need to conduct its operations on a self-sustaining financial basis. The Corporation is also called upon to manage its human resources in a manner that will both attain the objects of the Corporation and ensure the commitment and dedication of its employees.

CORPORATION DATA:

HEAD OFFICE:	Sir Alexander Campbell Building Confederation Heights Ottawa, Ontario K1A 0B1
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Perrin Beatty, P.C., M.P.
DEPARTMENT:	National Revenue
DATE AND MEANS OF INCORPORATION:	*Canada Post Corporation Act* (SC 1981, Chap. 54) proclaimed October 16, 1981.
CHIEF EXECUTIVE OFFICER:	R. Michael Warren
CHAIRMAN:	René J. Marin
AUDITOR:	Maheu, Noiseux and the Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	October 16, 1981 to March 31, 1982
At the end of the period:			
Total Assets	2,403	2,260	2,203
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	1,645	1,638	1,669
Cash from Canada in the period			
— budgetary*	306	262	178
— non-budgetary	nil	nil	nil

* Budgetary amounts do not include the special payments for cultural and other mails.

CANADA POST CORPORATION

AUDITOR'S REPORT

THE HONOURABLE PERRIN BEATTY, P.C., M.P.
MINISTER RESPONSIBLE FOR
CANADA POST CORPORATION

We have examined the balance sheet of Canada Post Corporation as at March 31, 1984 and the statement of equity of Canada, operations and Government funding and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for employee termination benefits as described in note 4 to the financial statements, on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under our notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

MAHEU NOISEUX
Chartered Accountants

Ottawa, Canada
October 5, 1984

BALANCE SHEET AS AT MARCH 31

ASSETS, in $000's	1984	1983 (restated)
Current		
Cash	$222,723	$303,959
Accounts receivable		
Government of Canada	180,022	—
Foreign postal administrations	70,247	77,168
Other	13,413	2,206
Prepaid expenses	35,577	33,325
	521,982	416,658
Fixed (notes 5 and 9)		
Land, buildings and equipment	1,714,872	1,637,375
Less accumulated depreciation	166,881	96,766
	1,547,991	1,540,609
Other		
Deferred employee termination benefits	333,511	303,214
National Postal Museum (note 6)	1	1
	333,512	303,215
	$2,403,485	$2,260,482

LIABILITIES, in $000's	1984	1983 (restated)
Current		
Accounts payable and accrued liabilities:		
— Government of Canada	$39,224	$22,496
— Foreign postal administrations	7,401	4,852
— Other	103,997	54,582
Salaries and benefits	100,785	73,966
Deferred revenues	112,696	108,201
Outstanding money orders	54,269	49,174
Savings bank and other deposits	6,110	5,887
	424,482	319,158
Employee termination benefits (note 7)	333,511	303,214
Equity of Canada	1,645,492	1,638,110
	$2,403,485	$2,260,482

Contingent liabilities (note 8)

Approved by the Board:

RENÉ J. MARIN
Chairman

GEORGE A. COHON
Chairman, Audit Committee

STATEMENT OF EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31

	1984	1983
	$000's	
Contributed capital		
At beginning of year as previously reported	$1,684,279	$1,683,124
Correction of accrued annual leave established at October 16, 1981	(12,200)	(12,200)
As restated	1,672,079	1,670,924
Parliamentary appropriation for special purposes	1,700	—
Construction of buildings by the Department of Public Works	—	1,155
At end of year	1,673,779	1,672,079
Accumulated Government funding adjustment		
At beginning of year as previously reported	67,485	14,502
Adjustment of prior periods' employee termination benefits (note 4)	(33,516)	(9,013)
As restated	33,969	5,489
Loss from operations	300,139	290,520
Government funding	(305,821)	(262,040)
At end of year	28,287	33,969
Equity of Canada	$1,645,492	$1,638,110

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31

	1984	1983
	$000's	
Working capital derived from		
Government funding	$305,821	$262,040
Parliamentary appropriation for special purposes (note 9)	4,710	—
Net proceeds on disposal of fixed assets	197	188
Construction of buildings by the Department of Public Works	—	1,155
	310,728	263,383
Working capital applied to		
Operations		
Loss from operations	300,139	290,520
Less depreciation, not involving an outlay of funds	71,025	67,690
	229,114	222,830
Additions to fixed assets	81,614	40,553
	310,728	263,383
Change in working capital	—	—
Working capital at beginning and end of year	$97,500	$97,500

STATEMENT OF OPERATIONS AND GOVERNMENT FUNDING FOR THE YEAR ENDED MARCH 31

	1984	1983
	$000's	
Revenues		
Postage	$2,026,707	$1,882,591
International settlements	88,536	95,884
Philatelic and retail sales	20,229	23,084
Post Office box rentals	16,913	15,426
Money order fees	10,767	10,529
Other	14,199	10,889
	2,177,351	2,038,403
Cultural publication mailings subsidy (note 10)	223,000	220,000
	2,400,351	2,258,403
Expenses		
Salaries and benefits	1,975,710	1,859,067
Transportation, travel and communications	316,619	322,984
Accommodation	143,862	130,865
Depreciation	71,025	67,690
Materials and supplies	50,838	51,367
International settlements	44,805	38,973
Computer, security and professional services	38,860	30,998
Commissions and fees	30,093	27,299
Rentals, repairs and maintenance	8,237	8,560
Advertising and publications	9,372	5,171
Other	11,069	5,949
	2,700,490	2,548,923
Loss from operations	300,139	290,520
Government funding adjustment (note 11)	5,682	(28,480)
Government funding (note 11)	$305,821	$262,040

NOTES TO FINANCIAL STATEMENTS

1. Incorporation

The Corporation was established by the Canada Post Corporation Act on October 16, 1981 to operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada. The Corporation is a Crown corporation included in Schedule C to the Financial Administration Act and is an agent of Her Majesty. The Corporation is exempt from income taxes.

The Canada Post Corporation Act provided that all the property, assets, rights, obligations and liabilities of the Post Office Department be transferred to the Corporation from the Government of Canada.

2. Rate Regulation

The Canada Post Corporation Act provides that the Corporation may make regulations prescribing rates of postage that are fair and reasonable so as to provide revenue, together with any revenue from other sources, sufficient to defray the costs incurred by the Corporation in the conduct of its operations. The Corporation is required to publish each proposed regulation for interested persons to make representations to the Minister responsible for the Corporation, who thereafter submits the regulation to the Governor in Council for consideration and subsequent approval or refusal.

3. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the significant accounting policies of the Corporation follows:

(a) Fixed assets and depreciation

Land, building and equipment transferred from the Government of Canada on October 16, 1981 were recorded at their fair value at that date, determined as follows:

Land

— market value based on existing use

Buildings

— depreciated replacement cost

Plant equipment, vehicles and sales counter and office furniture and equipment

— depreciated replacement cost or original cost less estimated depreciation.

The market value of land and the depreciated replacement cost of buildings transferred by the Government of Canada was determined by independent appraisals. Acquisitions subsequent to October 16, 1981 are recorded at cost.

Minor equipment, including mail bags and mail boxes, was recorded at an estimated depreciated replacement cost of $34,640,000 at October 16, 1981. No further depreciation is provided on this base amount. Subsequent acquisitions are expensed as purchased.

Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which are generally as follows:

Buildings	30 and 40 years
Plant equipment	4 to 30 years
Vehicles	5 to 10 years
Sale counter and office furniture and equipment	5 to 20 years

(b) Employee termination benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment.

Until such time as the Corporation becomes self-sustaining (anticipated to be the year ending March 31,1987), the present value of the projected costs of employee termination benefits is recorded in the accounts as a long-term liability offset by a deferred charge, since such costs will be recovered from future postal revenues and/or Government funding (notes 7 and 11). The deferred costs are amortized and charged to operations on the same basis as the liability is paid and recovered from revenues and/or Government funding.

(c) Revenue recognition

Amounts received for which services have not been rendered prior to the end of the year are deferred.

(d) Parliamentary appropriations

The Government of Canada, through parliamentary appropriations, provides funding for certain operations of the Corporation as outlined in notes 9, 10 and 11. The Corporation accounts for these parliamentary appropriations in operations of the year to which they relate. Parliamentary appropriations in respect of capital items are credited to equity of Canada. However, when capital items are funded under a Government assistance program, the funding is applied to reduce the capital cost.

(e) Workers' compensation

The Corporation assumes all risks for workers' compensation claims. The estimated costs of such claims, as a result of injuries on duty, are recorded as expenses in the year of injury. All payments for injuries suffered by employees prior to October 16, 1981 are the responsibility of the Government of Canada, since they are the liability of the Department of Labour.

(f) Pension Plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions, which amounted to $91,229,000 (1983 — $87,040,000), represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(g) Foreign Currency Translation

Revenues and expenses relating to transactions with foreign postal administrations are translated into Canadian dollars at the exchange rates at the time of transaction. Amounts due to or from foreign postal administrations at the balance sheet date are translated at the then prevailing exchange rates. Gains or losses arising from translation of foreign currency transactions are included in operations.

4. Change in Accounting Policy

The manner in which the Corporation expenses employee termination benefits has been clarified. Consequently, the Corporation adopted the policy of deferring the present value of the projected cost of employee termination benefits arising from services provided subsequent to October 16, 1981 and amortizing these costs on the same basis as the liability is paid and recovered from revenues and/or Government funding. Previously, these costs were charged to operations as the benefits accrued to the employees. The effect of this change, which has been applied retroactively, is to reduce salaries and benefits expense by $26,975,000 (1983 — $24,503,000; 1982 — $9,013,000).

5. Fixed Assets

	1984			1983
	$000's			
	Cost or fair value	Accumulated depreciation	Net	Net
Land	236,640	—	236,640	234,719
Buildings	933,350	83,845	849,505	862,883
Plant Equipment	412,605	65,348	347,257	365,073
Vehicles	47,635	14,001	33,634	30,744
Mail bags, mail boxes and other	34,640	—	34,640	34,640
Sales counter and office furniture equipment	50,002	3,687	46,315	12,550
	1,714,872	166,881	1,547,991	1,540,609

6. National Postal Museum

The Corporation operates a museum which contains philatelic material, postal artifacts, a postal library, exhibits that trace the history of the mail, and other postal memorabilia. Since these collections, exhibits and books are not for resale and are of undetermined value, they have been recorded at a nominal amount of $1,000.

7. Employee Termination Benefits

At the time of incorporation on October 16, 1981, the Corporation assumed the liability related to termination benefits which had accrued to employees of the Post Office Department. In addition, the Corporation recognizes in the accounts the liability for benefits accruing to employees of the Corporation since October 16, 1981. The present value of these projected liabilities and the corresponding deferred charge remaining to be amortized against operations at March 31, amounted to:

	1984	1983
	$000's	
Accumulated to October 16, 1981	273,020	269,698
Accumulated subsequent to October 16, 1981	60,491	33,516
	333,511	303,214

The total charge against operations for employee termination benefits amounted to $14,055,000 (1983 - $11,699,000).

8. Contingent Liabilities

(a) Two complaints have been filed with the Human Rights Commission, alleging discrimination by the Corporation concerning work of equal value. These complaints are currently being reviewed within the Corporation, and the outcome is not presently determinable. Settlement, if any, arising from the resolution of these matters, will be recovered in future postal rates as determined in accordance with the Canada Post Corporation Act and/or from the Government of Canada.

(b) Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and are dependent on future illness. The amount of accumulated sick leave entitlements which may become payable cannot reasonably be determined. Sick leave benefits are expensed as paid.

9. Parliamentary Appropriation for Special Purposes

During the year, the Government of Canada appropriated $8,109,000 to the Corporation for special purposes. Of this amount, $1,700,000 represents funding of a Government-directed relocation and has been credited to equity of Canada. The balance, representing Government assistance, has been credited to fixed assets additions ($3,010,000), operating expense ($285,000) and current liabilities ($3,114,000).

10. Cultural Publication Mailings Subsidy

The Government of Canada provides assistance to the publishing industry by making payments which compensate the Corporation for reduced postal revenue from that source. Management anticipates that this assistance will continue at comparable levels for the next two years and decrease thereafter.

11. Government Funding

The Canada Post Corporation Act provides that where the annual revenues of the Corporation are insufficient to permit the Corporation to pay all its operating and income charges, the amount of the insufficiency shall be included in the form of a deficit appropriation in the next estimates laid before Parliament.

By arrangement with the Government of Canada, the annual deficit appropriation comprises the loss from operations as reflected in the Corporation's financial statements, adjusted for the difference between depreciation and capital expenditures.

12. Lease Commitments

The Corporation leases certain facilities under operating leases which expire at various dates between 1985 and 2001. The Corporation's future minimum rental payments required under operating leases that have current lease terms in excess of one year, are as follows:

	(in $000's)
1985	$24,440
1986	20,505
1987	16,605
1988	13,626
1989	11,612
1990 to 2001	41,183
	$127,971

13. Related Party Transactions

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these financial statements.

(a) Property Management

Under the terms of a property management arrangement with the Department of Public Works, the Corporation incurred the following:

	1984	1983
	$000's	
(i) Operating and maintenance costs of the Corporation's buildings, excluding grants in lieu of property taxes	89,390	78,490
(ii) Leasing costs for third-party facilities	36,500	33,330
(iii) Occupancy costs for the use of certain Government of Canada buildings	16,100	16,470
(iv) Capital expenditures for facilities	13,980	8,700

(b) Financing

At the present time, the Corporation's receipts are deposited to the credit of the Corporation in the Consolidated Revenue Fund of the Government of Canada and its expenditures are paid out of the amounts held to its credit in this Fund. Where, at any time, the available revenues of the Corporation are not sufficient to pay all the operating and income charges as and when due, the Minister of Finance may, with approval, place at the disposal of the Corporation such amounts as may be required to enable the Corporation to meet all such charges. The Corporation is not charged interest, nor does it receive interest, on its balance in the Consolidated Revenue Fund.

(c) Money Orders

Funds received from the issue of money orders are held to the credit of the Corporation in the Consolidated Revenue Fund of the Government of Canada until required for redemption of the money orders. Interest is not received on the funds on deposit, nor is there a charge by the Government of Canada for expenses relating to the redemption of money orders.

(d) Other

In the normal course of business, the Corporation enters into various other transactions, such as the provision of postal services and the purchase of air and rail transportation, with the Government of Canada, its agencies and other Crown corporations.

14. Labour Negotiations

Labour agreements with the Canadian Union of Postal Workers and the Letter Carriers' Union of Canada, which were extended by the provisions of the Public Sector Compensation Restraint Act (Bill C-124), had an expiry date of September 30, 1984. Labour agreements with five other postal unions have expired or will expire by March 31, 1985. Negotiations, begun prior to expiry dates, are either in progress or agreements are awaiting ratification.

15. Comparative Figures

Where appropriate, comparative figures have been reclassified to conform with the presentation adopted in the current year.

SUMMARY PAGE

CANADIAN ARSENALS LIMITED

MANDATE:

To provide an industrial base to fulfill the requirements of Canada's national defence for large calibre ammunition and complementary products, with the assistance of the private sector to every extent possible.

BACKGROUND:

The Canadian Arsenals Limited was responsible for the rationalization and the scaling down of operations and facilities which it used in WW II and in the Korean War. Its only large purchaser is the Department of National Defence and its selling prices are related to its costs. It has not required funding from the Consolidated Revenue Fund for the past several years.

CORPORATION DATA:

HEAD OFFICE:	5 Montée des Arsenaux Ville le Gardeur Québec, Québec J5Z 2P4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Harvie Andre, P.C., M.P.
DEPARTMENT:	Supply and Services
DATE AND MEANS OF INCORPORATION:	Letters patent — 45/09/10, Part I, *Companies Act* 1934. Continued, *Canada Business Corporations Act*, 80/10/20.
CHIEF EXECUTIVE OFFICER:	Laurent A. Bergeron
CHAIRMAN:	Pierre MacDonald
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	88.9	83.5	93.4
Obligations to the private sector	1.7	0.2	0.3
Obligations to Canada	4.7	4.7	4.7
Equity of Canada	43.9	38.2	34.3
Cash from Canada in the year			
— budgetary	nil	nil	nil
— non-budgetary	nil	nil	nil

CANADIAN ARSENALS LIMITED

AUDITOR'S REPORT

THE HONOURABLE CHARLES LAPOINTE, P.C., M.P.
MINISTER OF SUPPLY AND SERVICES

I have examined the balance sheet of Canadian Arsenals Limited as at March 31, 1984 and the statements of income and retained earnings, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

The Corporation charges depreciation of fixed assets transferred from Canada to contributed surplus rather than to operations, on the grounds that Canada does not recognize such depreciation as an element of cost when negotiating sales prices. In this respect, the financial statements are not in accordance with generally accepted accounting principles. If depreciation had been charged to operations, net income for the year would have been decreased by $2,608,683 ($2,502,141 in 1983) and the closing balances of retained earnings and contributed surplus would have been decreased and increased by $5,110,824 ($2,502,141 in 1983) respectively.

In my opinion, except for the effects of the failure to charge depreciation to operations as described in the preceding paragraph, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 15, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	3,570,648	2,791,771
Accounts receivable		
Canada	18,701,914	16,833,145
Others	2,143,709	2,721,248
Progress billings from suppliers	3,824,568	2,686,964
Inventories (Note 3)	25,905,227	29,523,528
	54,146,066	54,556,656
Fixed (Note 4)	34,087,003	28,676,682
Deferred charges	651,825	219,563
	88,884,894	83,452,901

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable	17,096,915	17,855,107
Progress billings to customers		
Canada	19,923,585	21,215,946
Others	302,167	
Due to Canada (Note 5)	1,224,941	1,224,941
Current portion of obligation under capital leases (Note 6)	81,120	67,512
	38,628,728	40,363,506
Long-term (Note 6)	6,340,810	4,849,426
	44,969,538	45,212,932
EQUITY OF CANADA		
Capital stock		
Authorized—1,000 shares without par value		
Issued and fully paid—30 shares	30	30
Contributed surplus	19,263,365	22,127,850
Retained earnings	24,651,961	16,112,089
	43,915,356	38,239,969
	88,884,894	83,452,901

Approved by the Board:

YVAN ALLAIRE
Director

PIERRE MACDONALD
Director

CANADIAN ARSENALS LIMITED—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Sales (Note 7)	97,631,300	87,943,579
Cost of goods sold	81,826,766	76,361,398
Gross profit	15,804,534	11,582,181
Other income	426,239	826,801
	16,230,773	12,408,982
Administrative expenses	7,668,367	5,512,512
Financing costs	22,534	31,186
	7,690,901	5,543,698
Net income for the year	8,539,872	6,865,284
Retained earnings at beginning of the year	16,112,089	9,246,805
Retained earnings at end of the year	24,651,961	16,112,089

STATEMENT OF CONTRIBUTED SURPLUS FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of the year	22,127,850	25,087,448
Fixed assets transferred from Canada		
Depreciation (Note 4)	(2,608,683)	(2,502,141)
Adjustment to recorded value	(255,802)	(457,457)
Balance at end of the year	19,263,365	22,127,850

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Operations		
Net income for the year	8,539,872	6,865,284
Items not affecting funds		
Depreciation	394,446	209,633
Decrease in the provision for employee termination benefits	(23,506)	(380,576)
	8,910,812	6,694,341
Advances under leasing agreement	1,553,135	
Long-term obligation under capital leases	47,373	
Proceeds from disposal of fixed assets	24,073	
	10,535,393	6,694,341
Application of funds		
Acquisition of fixed assets	8,693,325	4,378,918
Deferred charges	432,262	219,563
Decrease in the long-term obligation under capital leases	85,618	73,690
	9,211,205	4,672,171
Increase in working capital	1,324,188	2,022,170
Working capital at beginning of the year	14,193,150	12,170,980
Working capital at end of the year	15,517,338	14,193,150

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority and activities

Canadian Arsenals Limited, incorporated on September 20, 1945 and continued under the Canada Business Corporations Act, is a Crown corporation named in Schedule C of the Financial Administration Act.

The Corporation manufactures medium and large caliber ammunitions and other complementary military products.

2. Significant accounting policies

(a) Fixed assets and depreciation

Fixed assets acquired by purchase or by way of capital leases are recorded at cost. Fixed assets transferred from Canada during the year ended March 31, 1982 are recorded at their current reproduction cost as at that date as determined by the Department of Public Works for immoveable assets and a firm of independent appraisers for moveable assets. Expenditures which significantly increase the value or extend the useful lives of fixed assets are capitalized. Routine expenditures for maintenance, repairs and renewals are charged against income as incurred.

Depreciation is calculated on the straight-line method at rates based on the estimated useful lives of the assets. Depreciation of fixed assets acquired by purchase or by way of capital leases is charged to operations. Depreciation of fixed assets transferred from Canada is charged to contributed surplus on the grounds that Canada does not recognize it as an element of cost when negotiating sales prices.

(b) Inventories

Raw materials are stated at the lower of cost and replacement cost. Work in process and finished goods are stated at the lower of cost and net realizable value.

Costs of patents and licences purchased and development costs incurred are included in inventories. These costs are charged to cost of goods sold at time of sale based on the estimated number of units to be produced under a first contract.

(c) Foreign currency translation

Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of the exchange rate in effect at the date of the transaction except when the transaction is hedged, in which case the rate established by the terms of the hedge is used.

As at the end of the year, monetary items denominated in a foreign currency are adjusted to reflect the exchange rate in effect as at that date. An exchange gain or loss that arises on translation or settlement of such items is included in the determination of net income for the year.

(d) Deferred charges

Start-up costs of the St-Augustin division are deferred and will be amortized, using the straight-line method, over a five year period beginning with the start of production.

(e) Revenue recognition

Sales are recognized as goods are delivered and accepted in accordance with contractual agreements and the right to full payment has become unconditional. They are recorded at firm prices or, where applicable, at prices which take into account effects of cost escalation clauses contained in sales contracts. In the latter condition, definitive prices are nevertheless subject to negotiation between the Corporation and its customers and all final adjustments are recorded on a current basis.

As provided for under certain contracts, progress billings based on the degree of work performed can be rendered by

suppliers to the Corporation or by the Corporation to its customers. An amount corresponding to the billings to customers is shown as a liability until deliveries are made and, for suppliers' billings, a corresponding amount is shown as an asset until materials are received by the Corporation.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

3. Inventories

	1984	1983
	$	$
Raw materials	17,121,430	20,101,564
Work in process	3,187,382	7,220,952
Finished goods	2,474,061	415,992
Development costs	2,234,101	1,314,690
Patents and licences	623,570	308,059
Supplies	264,683	162,271
	25,905,227	29,523,528

Research and development costs charged to operations amounted to $1,274,355 ($852,618 in 1983).

4. Fixed assets

	1984			1983
	Recorded value	Accumulated depreciation	Net	Net
	$	$	$	$
Land	1,415,973		1,415,973	1,415,973
Buildings and surface installations	15,353,290	1,734,971	13,618,319	13,686,635
Equipment	11,710,198	3,149,827	8,560,371	10,459,012
Office furniture and equipment	1,523,125	528,521	994,604	827,741
Rolling stock	561,394	174,872	386,522	206,639
Construction in progress	9,111,214		9,111,214	2,080,682
	39,675,194	5,588,191	34,087,003	28,676,682

Fixed assets include those held or to be held under capital leases, with a cost of $2,234,190 and accumulated depreciation of $206,166 ($363,201 and $169,196 as at March 31, 1983).

Depreciation of fixed assets acquired by purchase or by way of capital leases, amounting to $394,446 ($209,633 in 1983), has been charged to operations. Depreciation of fixed assets transferred from Canada, amounting to $2,608,683 ($2,502,141 in 1983) including $319,574 (nil in 1983) as a loss on disposal of fixed assets, has been charged to contributed surplus.

The estimated useful lives of the principal classes of fixed assets for purposes of calculating depreciation are as follows:

	Number of years
Buildings and surface installations	20 to 40
Equipment	5 to 15
Office furniture and equipment	5 and 10
Rolling stock	3 to 10

5. Due to Canada

The amount due to Canada represents remaining balances of parliamentary appropriations.

6. Long-term liabilities

	1984	1983
	$	$
Loan from Canada	3,500,000	3,500,000
Provision for employee termination benefits	1,405,918	1,329,424
Obligation under capital leases	172,877	197,514
Advances under leasing agreement	1,553,135	
	6,631,930	5,026,938
Less: current portion of the provision for employee termination benefits included in accounts payable	210,000	110,000
current portion of obligation under capital leases	81,120	67,512
	6,340,810	4,849,426

The loan from Canada, to provide working capital, does not bear interest and has no fixed repayment date.

The present value of obligation under capital leases has been determined as follows:

Payments to be made in subsequent years:

	$
1985	99,461
1986	53,980
1987	37,150
1988	7,333
1989	5,611
	203,535
Less: portion thereof representing interest at variable rates to be charged to operations in the years to which it applies	30,658
	172,877

During the year, the Corporation entered into an agreement with a chartered bank's leasing corporation to lease production machinery, to a total cost of $11 million, upon terms that transfer substantially all benefits and risks of ownership to the Corporation. It has concurrently entered into another agreement whereby it has been appointed as an agent of the lessor to purchase the said machinery against reimbursement of monies disbursed. As at March 31, 1984, amounts so advanced to the Corporation total $1,553,135, which, when added to future purchases, shall be converted into capital leases specifying repayments terms. Advances bear interest at the rate of 1% per annum over the lessor's thirty day guaranteed note rate (10.7% as at March 31, 1984). Leasing schedules shall provide for interest at the rate of 0.5% per annum over the lessor's guaranteed note rate of the term not exceeding 60 months selected by the Corporation.

CANADIAN ARSENALS LIMITED—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

7. Sales

Sales to Canada during the year ended March 31, 1984 amounted to $87,618,391, or 89.7% of the Corporation's sales ($83,441,333, or 94.9% in 1983).

Sales to Canada include $4,006,059 ($20,088,000 in 1983) for sales at cost of purchased goods.

Contracts with the Department of Supply and Services for the supply of products were modified late in March 1984 and 1983. The modifications resulted in the recording of sales of $1,252,844 and $10,847,000 and net income of $104,212 and $2,057,000 in 1984 and 1983 respectively.

8. Commitments

As at March 31, 1984, the estimated cost of completing capital projects, planned and in progress, amounts to approximately $11 million. As at that date, contractual commitments amount to approximately $9.5 million.

9. Supplementary information

During the year, the Corporation paid $51,310 (nil in 1983) as remuneration and expenses to the following sales agents and representatives: Cormorant Limited, Pakistan; Matren Ltd., Greece; Seri Mechan Products Sdn Bhd, Malaysia; Unicorn International Pte Ltd., Singapore; Vetecin S.A., Venezuela; Holland Arma B.V., Holland; and S. Kittivat, Thailand.

SUMMARY PAGE

CANADIAN COMMERCIAL CORPORATION

MANDATE:

To assist in the development of trade between Canada and other nations.

BACKGROUND:

Established in 1946, the corporation serves as prime contractor when other countries wish to purchase goods and services from Canada on a government to government basis. As well, it assists in sales to international agencies.

CORPORATION DATA:

HEAD OFFICE:	112 Kent Street Tower B — 17 Floor Ottawa, Ontario K1A 1E9
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Right Honourable Joe Clark, P.C., M.P.
DEPARTMENT:	External Affairs
DATE AND MEANS OF INCORPORATION:	By the *Canadian Commercial Corporation Act* 46/05/01 (RSC 70, Chap. C-6).
CHIEF EXECUTIVE OFFICER:	O.J. Matthews (Acting)
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	382.5	367.8	277.8
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	32.4	28.6	25.2
Cash from Canada in the year			
— budgetary	17.2	16.8	18.7
— non-budgetary	nil	nil	nil

CANADIAN COMMERCIAL CORPORATION

AUDITOR'S REPORT

THE HONOURABLE ALLAN J. MACEACHEN, P.C., M.P.
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have examined the balance sheet of the Canadian Commercial Corporation as at March 31, 1984 and the statements of operations and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Cash and short-term deposits	34,567	33,049
Deposit with Receiver General for Canada (Note 1)	8,000	
Accounts receivable		
Foreign governments (Note 3)	78,503	52,465
Government of Canada—Parliamentary appropriations (Note 4)	1,613	2,680
Other	160	213
Advances to suppliers	3,324	4,976
Progress claims paid or due	256,333	274,446
	382,500	367,829

LIABILITIES	1984	1983
Accounts payable and accrued liabilities	77,374	47,578
Advances from customers	13,132	12,530
Progress payments received or due	256,333	274,446
Due to Government of Canada (Note 4)	1,559	2,978
Due to Defence Production Revolving Fund	1,525	1,563
Provision for additional contract costs (Note 6)	150	150
	350,073	339,245
EQUITY OF CANADA		
Contributed surplus	20,000	20,000
Retained earnings	12,427	8,584
	32,427	28,584
	382,500	367,829

Certified correct:

F. O. KELLY
Comptroller

Approved by the Board:

O. I. MATTHEWS
President

D. W. SALSMAN
Director

STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Revenues		
Contract billings	649,963	503,527
Fees and other income	437	587
Interest income	2,974	3,158
Gain on foreign exchange	485	41
	653,859	507,313
Expenses		
Cost of contract billings	649,963	503,527
Additional contract costs		658
Bad debts		47
Services provided by Supply and Services Canada	15,086	14,143
Administrative	1,569	1,681
Legal fees and expenses charged by Department of Justice (Note 6)	513	602
Other	53	18
	667,184	520,676
Net cost of operations	13,325	13,363
Parliamentary appropriations	17,168	16,783
Operating surplus for the year	3,843	3,420
Retained earnings at beginning of the year	8,584	5,164
Retained earnings at end of the year	12,427	8,584

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of funds		
Parliamentary appropriations	17,168	16,783
Interest and other income	3,896	3,786
	21,064	20,569
Application of funds		
Cost of operations	16,708	16,547
Legal fees and expenses charged by Department of Justice	513	602
	17,221	17,149
Increase in working capital	3,843	3,420
Working capital at beginning of the year	28,584	25,164
Working capital at end of the year	32,427	28,584

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority and operations

The Corporation was established in 1946 by the Canadian Commercial Corporation Act and is an agency Crown corporation named in Schedule C to the Financial Administration Act. The Corporation is not subject to income taxes.

The Corporation acts as the prime contracting agency when other countries and international agencies wish to purchase products and services from Canada on a government-to-government basis.

Contracts are made with foreign governments and corresponding contracts are entered into with Canadian firms by the Corporation.

Supply and Services Canada provides contracting services to the Corporation at predetermined rates approved by Treasury Board, based on the amounts of contracts procured, and provides certain administrative functions at cost.

If the Minister so directs, the Corporation is required to pay to the Receiver General for Canada any funds that the Minister considers to be in excess of requirements. Any such payments are on deposit with the Receiver General for Canada and can, on the request and in the opinion of the Minister, be returned to the Corporation when required. During the year, an amount of $8 million was paid by the Corporation to the Receiver General for Canada and no interest will accrue to the Corporation on such deposit.

2. Significant accounting policies

(a) Contract billings

Revenues from contracts are recorded at the time of delivery except in the case of contracts involving progress payments; in these cases, revenues are recorded at the time the progress payments become due. Since title to work-in-progress covered by progress claims has not passed to customers, the Corporation records all progress claims by its suppliers as assets and all progress payments from its customers as liabilities. These assets and liabilities are reduced, in accordance with contract terms, as deliveries are accepted.

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the month in which the transactions occur. Gains and losses resulting from translations are shown in the statement of operations.

(c) Parliamentary appropriations

Parliamentary appropriations are recorded in the year in which the corresponding expenses are incurred but are drawn upon only as cash disbursements are made.

3. Accounts receivable from foreign governments

As at March 31, 1984, the Corporation has provided $879,000 (1983—$980,000) to cover the possible non-collection of certain accounts receivable from foreign governments.

4. Government of Canada

As at March 31, 1984, funds to cover expenses of $1,613,000 applicable to 1983-84 appropriations had not been drawn and $1,559,000 had not been paid to various government departments.

5. Contractual obligations

As at March 31, 1984, the Corporation was obligated to fulfill contracts with customers amounting to $909 million (1983—$1,022 million).

The Corporation is responsible to its customers for the performance of its suppliers. A provision of $150,000 (1983—$150,000) has been made for estimated additional contract costs which may be incurred if certain suppliers are unable to meet their contractual obligations.

6. Legal fees and expenses charged by Department of Justice

The Corporation has been directed by Treasury Board to reimburse the Department of Justice for legal fees and expenses resulting from the action taken against the Corporation related to the contract referred to in Note 7(a). These costs amounted to $513,000 (1983—$602,000).

CANADIAN COMMERCIAL CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

7. Contingencies

The Corporation has been named defendant in the following lawsuits:

(a) Instituted in 1975, alleging losses resulting from the termination of a portion of a contract and seeking damages of $6.8 million plus accrued interest and costs.

(b) Instituted in 1982, alleging losses resulting from the Corporation's action in 1980 to take possession of certain goods of a company, to whom the plaintiff was a supplier, in order to complete a contract and seeking damages of $0.5 million.

Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of these suits is required. Damages assessed, if any, will be accounted for as an adjustment to the year in which the legal action was taken.

8. Representative agreements

The Corporation has representative agreements with Dismatica Industrials C.A. of Venezuela, and Luis Fafie & CIA SA of Honduras to whom no fees were paid or became due during the year.

SUMMARY PAGE

CANADIAN DAIRY COMMISSION

MANDATE:

To provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.

BACKGROUND:

Established in 1966, the corporation administers the following elements of the federal dairy program: determination of Target Price for manufacturing milk and cream, market support for the Target Price through a nationwide offer to purchase butter and skim milk powder, payment of subsidy on eligible manufacturing milk and cream shipments, domestic and international marketing of certain dairy products, receipt of levies collected by provinces from farmers to finance cost of exporting products surplus to domestic requirements and coordination of national supply management of industrial milk production in line with domestic requirements.

CORPORATION DATA:

HEAD OFFICE:	Pebb Building 2197 Riverside Drive Ottawa, Ontario, K1A 0Z2
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Wise, P.C., M.P.
DEPARTMENT:	Agriculture
DATE AND MEANS OF INCORPORATION:	In 1966, by the *Canadian Dairy Commission Act* (RSC 70, Chap. C-7).
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Gilles Choquette
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends July 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	304.0	360.5	296.1
Obligations to the private sector	60.6	56.5	50.2
Obligations to Canada	180.4	231.8	206.9
Equity of Canada	(13.6)	7.1	(16.1)
Cash from (to) Canada in the period			
— budgetary	303.6	309.9	302.4
— non-budgetary, net	(51.3)	24.9	101.5

CANADIAN DAIRY COMMISSION

AUDITOR'S REPORT

THE HONOURABLE JOHN WISE, P.C., M.P.
MINISTER OF AGRICULTURE

I have examined the balance sheet of the Canadian Dairy Commission as at July 31, 1984 and the statements of dairy support program operations financed by Government of Canada, marketing operations financed by producers, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

These financial statements reflect in accounts receivable and Government of Canada financing of marketing operations an amount of $10.05 million. At the date of my report, the Government of Canada has declined to accept liability for this amount. Therefore the valuation of accounts receivable is not in accordance with generally accepted accounting principles. If this amount had not been recognized, accounts receivable would have been reduced by $10.05 million and the deficiency of financing over cost of marketing operations and the deficit at the end of the year would have been increased by $10.05 million.

In my opinion, except that accounts receivable of $10.05 million have been recognized as described in the preceding paragraph, these financial statements give a true and fair view of the financial position of the Commission as at July 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

D.L. MEYERS, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Ontario
November 16, 1984

BALANCE SHEET AS AT JULY 31, 1984

ASSETS	1984	1983
	(In thousands of dollars)	
Accounts receivable		
Trade (Note 3)	$ 40,911	$ 51,778
Government of Canada	73,632	79,041
Producer levies	59,395	97,981
Inventories (Note 4)	128,614	129,508
Prepaid expense	1,453	2,182
	$304,005	$360,490

LIABILITIES AND SURPLUS	1984	1983
	(In thousands of dollars)	
Accounts payable and accrued liabilities	$ 63,131	$ 57,255
Allowance for losses on commitments (Note 5)	13,561	7,849
Subsidies payable to producers	60,472	56,486
Loans from Government of Canada (Note 6)	180,422	231,767
	317,586	353,357
(Deficit) surplus	(13,581)	7,133
	$304,005	$360,490

Approved:

GILLES CHOQUETTE
Chairman

E.G. HODGINS
Vice-Chairman

PAUL SIMARD
Director of Finance

STATEMENT OF DAIRY SUPPORT PROGRAM OPERATIONS FINANCED BY GOVERNMENT OF CANADA FOR THE YEAR ENDED JULY 31, 1984

	1984	1983
	(In thousands of dollars)	
Subsidies to producers of industrial milk and cream (Schedule A)	$276,951	$270,851
Expenses related to marketing operations		
Interest	14,138	30,819
Freight	4,890	4,588
Storage	3,758	5,547
Handling	1,183	1,221
Miscellaneous	423	1,107
	24,392	43,282
Deduct: Expenses transferred to marketing operations (Note 7)	3,792	10,282
	20,600	33,000
Administrative expenses (Schedule B)	4,267	4,339
Research	1,699	1,694
Cost of dairy support program operations	$303,517	$309,884
Financing by Government of Canada (Note 7)		
Agricultural Stabilization Board	$297,551	$303,851
Parliamentary appropriation	5,702	5,769
Government departments which provided services without charge	264	264
	$303,517	$309,884

STATEMENT OF MARKETING OPERATIONS FINANCED BY PRODUCERS FOR THE YEAR ENDED JULY 31, 1984

	1984	1983
	(In thousands of dollars)	
Sales	$320,290	$393,151
Cost of goods sold	553,416	611,958
Loss on sales	233,126	218,807
Expenses and assistance		
Export and domestic assistance	22,729	11,107
Agents' commissions (Note 9)	4,478	4,803
Carrying charges	4,392	4,919
Advertising and promotion (Note 12)	2,724	789
Capital assistance (Note 8)	571	6,126
Capital assistance recoveries (Note 8)	(747)	(719)
	34,147	27,025
Add: Expenses transferred from dairy support program operations (Note 7)	3,792	10,282
	37,939	37,307
Cost of marketing operations before financing	271,065	256,144
Financing by Producers' Levies (Note 7)		
Industrial milk (Schedule C)	233,418	264,041
Fluid milk (Schedule D)	6,883	6,799
	240,301	270,840
Government of Canada (Notes 7 and 11)	10,050	8,548
	250,351	279,388
(Deficiency) excess of financing over cost of marketing operations (Schedule E)	$(20,714)	$23,274

STATEMENT OF DEFICIT FOR THE YEAR ENDED JULY 31, 1984

	1984	1983
	(In thousands of dollars)	
Balance (deficit) at beginning of year	$ 7,133	$(16,141)
(Deficiency) excess of financing over cost of marketing operations	(20,714)	23,274
(Deficit) balance at end of year	$(13,581)	$7,133

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED JULY 31, 1984

	1984	1983
	(In thousands of dollars)	
Source of funds		
Excess of financing over cost of marketing operations	$ —	$ 23,274
Loans from Government of Canada	457,639	425,479
Decrease in accounts receivable	54,862	—
Increase in other liabilities	15,574	16,311
Decrease in inventories	894	45,712
Decrease in prepaid expense	729	—
	$529,698	$510,776
Application of funds		
Deficiency of financing over cost of marketing operations	$20,714	$ —
Loans repaid to Government of Canada	508,984	400,652
Increase in accounts receivable	—	107,942
Prepaid expense	—	2,182
	$529,698	$510,776

Funds are defined as assets less liabilities and deficit.

NOTES TO FINANCIAL STATEMENTS JULY 31, 1984

1. Objectives and operations

The objectives of the Commission, as established by the Canadian Dairy Commission Act 1966-67, are "to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality".

Producers are responsible for the cost of disposal of surplus products, including all losses on special export production under the export quota program, and for marketing costs attributable to surplus production.

Any surplus in marketing operations up to $10 million is not to be refunded to producers nor taken into account when setting levy rates for the following year. The treatment of any excess over $10 million is to be determined by the Canadian Milk Supply Management Committee.

2. Significant accounting policies

Foreign currency conversion

Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars at the exchange rate in effect at the date of transaction. Monetary items denominated in a foreign currency at the balance sheet date are adjusted to reflect the exchange rate in effect at that date. Any exchange loss or gain, arising on translation or settlement of a foreign currency item, is charged to marketing operations financed by producers.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Fixed assets

Acquisition of furniture and equipment is charged to administrative expenses in the year of purchase.

Purchase commitments

Losses on commitments to purchase surplus butter and skim milk powder at Canadian support prices and other dairy products at negotiated contract prices, which are usually higher than export prices, are charged to marketing operations financed by producers at the time the commitment is made.

3. Accounts receivable

An account receivable of $8.3 million resulting from sales to Nigeria will be collected in fourteen quarterly instalments commencing October 1986, with interest at U.S. prime + 1% payable in quarterly instalments starting October 5, 1984.

4. Inventories

	1984	1983
	(In thousands of dollars)	
Cost		
Butter	$128,327	$126,459
Skim milk powder	51,627	39,548
Other dairy products	14,854	15,110
	194,808	181,117
Less provision for write down		
Butter	30,080	24,711
Skim milk powder	31,900	24,391
Other dairy products	4,214	2,507
	(66,194)	(51,609)
	$128,614	$129,508

Inventories which are carried at standard cost have been adjusted as the prices for surplus butter, skim milk powder and other dairy products (includes evaporated milk, whole milk powder and unsalted butter) on the export market are lower than on the domestic market resulting in net realizable value being less than the Canadian support prices and costs. The provision for inventory write down has been charged to marketing operations (cost of sales) financed by producers.

5. Commitments

As at July 31, 1984, the Commission was committed to purchase butter and skim milk powder at Canadian support prices and other dairy products at negotiated contract prices produced prior to July 31, 1984, for approximately $23.4 million (1983 — $14.6 million). Losses which may result from these purchases at higher than export prices have been estimated at approximately $13.6 million (1983 — $7.8 million) requiring an increase in the provision during the year of $5.7 million (1983 — reduction $5.4 million) which has been charged to marketing operations (cost of sales) financed by producers.

6. Loans from Government of Canada

These loans are to finance the purchase of dairy products and bear interest rates varying from 9.625% to 13.00% per annum (1983 — 9.25% to 9.625%). There are no specific terms of repayment and interest, calculated on a simple basis, is paid at the time of any principal repayment.

7. Financing

Government of Canada

The Agricultural Stabilization Board, through Vote 15, provides financing to the Commission for the benefit of producers for the purpose of stabilizing the price of industrial milk and cream. During the year ended July 31, 1984, financing for this purpose amounted to $307.60 million, of which $297.55 million was credited to dairy support program operations and $10.05 million (see Note 11) was credited to marketing operations.

Administrative and research expenses are financed by Agriculture Vote 35 which lapsed $617,000 (1983 — $365,000). Some government departments also provided services without charge.

Producers

Costs incurred by the Commission in the disposal of surplus dairy products and other marketing programs, including animal feed, export and capital assistance; and interest expenses and carrying charges in excess of the government's maximum commitment of $20.6 million are financed by the producers through payment of levies which are collected by the provincial marketing boards and agencies and remitted to the Commission. Levies are calculated based on shipments of industrial milk.

8. Capital assistance

In a program to export whole milk products, up to a maximum of 10% of Canadian requirements or a maximum of 4.4 million hectolitres of milk as agreed by the Canadian Milk Supply Management Committee and Government, the Commission has contributed to the construction of two processing plants for evaporated milk and one processing plant for instantized whole milk powder.

The capital assistance, totalling $22.7 million, commenced in 1980. This cost is estimated to be reduced to $17.7 million over a period of six years from 1980 through the recovery of the residual value of the plant and equipment, including a reduction in price for a maximum number of cases to be purchased, and grants from the Government of Canada. Recoveries to date amount to $2.9 million.

9. Agents' commissions

The Commission has used the services of agents for sales in connection with marketing of dairy products on the export market and commissions were as follows:

	1984	1983
	(In thousand of dollars)	
Coop Fédérée du Québec, Canada	$2,578	$3,804
L&M Exports Inc., Canada	943	54
Gestion Y. Dessarrollo — Commercial S.A. Peru	395	510
Intercontinental, Mexico	355	223
Canada Expa (1980) Inc., Canada	184	212
Gerber Agri-Export	23	—
	$4,478	$4,803

10. Contingent liability

An account receivable amounting to $13.5 million plus interest due over a nine month period has been discounted with a commercial bank with recourse. Accordingly, the Commission will be liable, under the terms of the discount contract, to the bank for the amount of receivable discounted in the event that the customer does not meet its commitment. However, in the opinion of management, the likelihood that the customer will not meet its obligation is remote, as the payments are now being received in accordance with an agreed schedule.

11. British Columbia Milk Board

In July 1982, the British Columbia Milk Board notified the Commission of its intention to withdraw from the Comprehensive Milk Marketing Plan. During the year ended July 31, 1984, the Board did not remit levies to the Commission. Levies on milk production in British Columbia would have amounted to $11.50 million. An amount of $10.05 million, equivalent to subsidies which would have been paid on milk production in British Columbia, has been credited to marketing operations financed by producers. The balance of $1.45 million is receivable from the province.

12. Ice cream and cream promotion

The Commission has been authorized by the Canadian Milk Supply Management Committee to contribute up to $4.5 million towards the promotion of ice cream and cream undertaken by the Dairy Bureau of Canada. To date, $3.5 million has been paid and charged to marketing operations financed by producers

SCHEDULE A

SUBSIDIES TO PRODUCERS OF INDUSTRIAL MILK AND CREAM FOR THE YEAR ENDED JULY 31, 1984

	Eligible Shipments		Subsidies	
	1984	1983	1984	1983
	(In thousands of kilograms)		(In thousands of dollars)	
Prince Edward Island	3,220	3,194	5,394	5,350
Nova Scotia	2,134	2,085	3,574	3,493
New Brunswick	2,244	2,168	3,758	3,632
Quebec	81,383	79,087	136,316	132,470
Ontario	53,993	53,236	90,438	89,171
Manitoba	6,595	6,379	11,047	10,684
Saskatchewan	4,413	4,353	7,392	7,291
Alberta	11,335	11,168	18,986	18,706
British Columbia (Note 11)	6,027	6,261	46	54
	171,344	167,931	276,951	270,851

SCHEDULE B

ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JULY 31, 1984

	1984	1983
	(In thousands of dollars)	
Salaries	$1,979	$1,781
Professional and special services	659	895
Transportation and communications	345	482
Data processing and cheque issue services	264	264
Other personnel costs	287	195
Remuneration of members of the Commission	190	182
Rentals	190	161
Acquisition of furniture and equipment	163	139
Audit Services Bureau fees	72	99
Utilities, materials and supplies	75	89
Repairs and maintenance	41	13
Miscellaneous	2	39
	$4,267	$4,339

SCHEDULE C

PRODUCER LEVIES ON INDUSTRIAL MILK FOR
THE YEAR ENDED JULY 31, 1984

	Milk Shipments		Producer Levies							
			In Quota		Export		Over Quota		Total	
	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983
	(In thousands of litres)		(In thousands of dollars)							
Prince Edward Island ...	78,355	80,478	$ 3,581	$ 3,806	$ 446	$ 301	$ —	$ 517	$ 4,027	$ 4,624
Nova Scotia	52,385	53,151	2,394	2,468	299	194	129	668	2,822	3,330
New Brunswick	52,897	50,651	2,417	2,253	302	201	—	—	2,719	2,454
Quebec	2,250,749	2,292,874	102,859	106,750	12,829	8,502	—	22,263	115,688	137,515
Ontario	1,311,443	1,352,847	59,933	62,726	7,475	4,968	10,394	17,503	77,802	85,197
Manitoba	150,858	150,690	6,894	7,190	860	571	549	960	8,303	8,721
Saskatchewan	100,421	95,147	4,590	4,665	572	374	980	—	6,142	5,039
Alberta	280,655	268,419	12,826	12,365	1,600	1,055	—	—	14,426	13,420
British Columbia (Note 11)	158,479	166,916	118	550	—	—	1,371	3,191	1,489	3,741
	4,436,242	4,511,173	$195,612	$202,773	$24,383	$16,166	$13,423	$45,102	$233,418	$264,041

SCHEDULE D

PRODUCER LEVIES ON FLUID MILK FOR
THE YEAR ENDED JULY 31, 1984

	Sales		Producer levies*	
	1984	1983	1984	1983
	(In thousands of litres)		(In thousands of dollars)	
Prince Edward Island ...	13,396	13,109	$ 40	$ 40
Nova Scotia	114,659	112,285	346	350
New Brunswick	70,509	69,239	213	209
Quebec	654,018	641,433	1,917	1,876
Ontario	972,777	955,372	2,986	2,936
Manitoba	103,702	102,362	315	311
Saskatchewan	98,425	96,969	289	285
Alberta	256,175	261,372	777	792
British Columbia (Note 11)	303,509	304,135	—	—
	2,587,170	2,556,276	$6,883	$6,799

* Calculated at 5% of subsidy rate of $6.03 per hectolitre of sales.

SCHEDULE E

MARKETING OPERATIONS FINANCED BY PRODUCERS FOR THE YEAR ENDED JULY 31, 1984

	1984					1983				
	Domestic	Export					Domestic	Export		
	Butter	Skim Milk Powder	Evaporated Milk	Other Products*	Total	Total	Butter	Skim Milk Powder	Evaporated Milk	Other Products*
	(In thousands of dollars)									
Sales	$124,761	$ 77,978	$ 94,236	$23,315	$320,290	$393,151	$85,744	$158,817	$110,760	$37,830
Cost of goods sold	125,344	232,481	146,090	49,501	553,416	611,958	91,220	319,285	141,940	59,513
Loss on sales	583	154,503	51,854	26,186	233,126	218,807	5,476	160,468	31,180	21,683
Expenses and assistance										
Export and domestic assistance	29	14,762	22	7,916	22,729	11,107	33	5,854	63	5,157
Agents' commissions	—	750	3,125	603	4,478	4,803	—	720	3,428	655
Carrying charges	—	1,566	2,395	431	4,392	4,919	—	1,895	2,663	361
Advertising and promotion	—	—	—	2,724	2,724	789	—	—	—	789
Capital assistance	—	—	571	—	571	6,126	—	—	1,609	4,517
Capital assistance recoveries	—	—	(264)	(483)	(747)	(719)	—	—	(236)	(483)
	29	17,078	5,849	11,191	34,147	27,025	33	8,469	7,527	10,996
	$ 612	$171,581	$ 57,703	$37,377	267,273	245,832	$ 5,509	$168,937	$ 38,707	$32,679
Add: Expenses transferred from dairy support program operations					3,792	10,282				
Cost of marketing operations before financing					271,065	256,114				
Financing					250,351	279,388				
(Deficiency) excess of financing over cost of marketing operations					$(20,714)	$23,274				

	Volume (In millions)				Volume (In millions)			
	Kilograms	Kilograms	Cases	Kilograms	Kilograms	Kilograms	Cases	Kilograms
Sales	28.0	78.2	5.3	10.4	19.8	141.6	5.6	14.0
Purchases	26.6	82.0	5.2	10.0	21.3	105.6	5.7	11.9

* Includes whole milk powder and cheese.

SUMMARY PAGE

CANADIAN LIVESTOCK FEED BOARD

MANDATE:

To ensure availability of adequate feed grain to meet the needs of livestock feeders; availability of adequate storage for feed grain in Eastern Canada; reasonable stability in prices for feed grain in Eastern Canada, British Columbia and the Yukon and Northwest Territories; fair equalization of feed grain prices in those regions.

BACKGROUND:

Established in 1967, the Board has executed its mandate by subsidizing the transportation costs of feed grain, by paying the carrying charges on local dealer inventories to promote local feed grain security and by administering a program for the construction and expansion of feed grain storage elevators. Its programs are financed by budgetary payments from Canada.

CORPORATION DATA:

HEAD OFFICE:	5180 Queen Mary Road PO Box 177 Snowdon Station Montreal, Québec, H3X 3T4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Wise, P.C., M.P.
DEPARTMENT:	Agriculture
DATE AND MEANS OF INCORPORATION:	In 1967, the *Livestock Feed Assistance Act*, (RSC 70 Chapter L-9).
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Denis Ethier
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	2.4	2.6	2.8
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	0.4	0.6	0.7
Cash from Canada in the year			
— budgetary	16.7	15.4	17.4
— non-budgetary	nil	nil	nil

CANADIAN LIVESTOCK FEED BOARD

AUDITOR'S REPORT

THE HONOURABLE RALPH FERGUSON, P.C., M.P.
MINISTER OF AGRICULTURE
AND THE
CANADIAN LIVESTOCK FEED BOARD

I have examined the balance sheet of the Canadian Livestock Feed Board as at March 31, 1984 and the statements of operations, equity of Canada and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Board as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Board, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 27, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983	LIABILITIES	1984	1983
	$	$		$	$
Current			Current		
Accounts receivable	9,785	45,002	Accounts payable	103,854	104,633
Parliamentary appropriations receivable	1,495,338	1,523,810	Contributions payable	1,877,945	1,808,114
	1,505,123	1,568,812		1,981,799	1,912,747
Amounts recoverable under the new inland elevator construction assistance program (Note 3)	935,528	1,072,396	Provision for employee termination benefits	99,381	103,944
				2,081,180	2,016,691
			EQUITY OF CANADA		
			Equity of Canada	359,471	624,517
	2,440,651	2,641,208		2,440,651	2,641,208

Approved by Management:

PIERRE MORIN
Director of Finance

Approved by the Board:

G. SONNEVELD
Acting Chairman

CANADIAN LIVESTOCK FEED BOARD—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Contributions		
Feed freight assistance	15,154,070	13,800,396
Local feed grain security assistance	397,965	496,293
New inland elevator construction assistance (Note 3)	100,000	38,400
	15,652,035	14,335,089
Administrative expenses		
Salaries and employee benefits	826,707	784,523
Travel	97,780	75,748
Rentals	75,030	66,004
Accounting and cheque issue services	66,200	49,000
Professional and special services	51,545	55,795
Stationery and office supplies	51,404	40,089
Equipment and office furniture	48,742	15,140
Telephone	45,434	34,338
Publication of reports	38,165	33,434
Postage	33,910	36,626
Advisory committee fees	3,250	3,450
Miscellaneous	17,749	14,850
	1,355,916	1,208,997
	17,007,951	15,544,086
Subscription income	12,797	15,772
Cost of operations for the year	16,995,154	15,528,314

STATEMENT OF EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of the year	624,517	663,330
Parliamentary appropriations	16,663,908	15,440,501
Services provided without charge by a government department	66,200	49,000
	17,354,625	16,152,831
Cost of operations for the year	16,995,154	15,528,314
Balance at end of the year	359,471	624,517

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Parliamentary appropriations	16,663,908	15,440,501
Amounts recovered under the new inland elevator construction assistance program	36,868	
	16,700,776	15,440,501
Application of funds		
Operations		
Cost of operations for the year	16,995,154	15,528,314
Items not requiring an outlay of funds		
Services provided without charge by a government department	(66,200)	(49,000)
Decrease (increase) in provision for employee termination benefits	4,563	(8,442)
Provision for losses in respect of amounts recoverable under the new inland elevator construction assistance program	(100,000)	
	16,833,517	15,470,872
Increase in amounts recoverable under the new inland elevator construction assistance program		25,600
	16,833,517	15,496,472
Increase in working capital deficiency	132,741	55,971
Working capital deficiency at beginning of the year	343,935	287,964
Working capital deficiency at end of the year	476,676	343,935

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and objectives

The Board, a Crown corporation named in Schedule C to the Financial Administration Act, was established in 1967 under the Livestock Feed Assistance Act with the objective of ensuring:

— the availability of feed grain to meet the needs of livestock feeders;

— the availability of adequate storage space in Eastern Canada for feed grain to meet the needs of livestock feeders; and

— reasonable stability in, and fair equalization of, feed grain prices in Eastern Canada, British Columbia, the Yukon Territory and the Northwest Territories.

2. Significant accounting policies

(a) Contributions

Feed freight assistance is charged to operations in the year in which shipments are made.

Local feed grain security assistance is charged to operations in the year in which admissible costs are incurred by recipients.

New inland elevator construction assistance, net of recoverable amounts, is charged to operations in the year in which admissible costs are incurred by recipients. Write-offs or provisions for losses of amounts previously recorded as recoverable are charged to operations in the year in which collection is considered doubtful.

(b) Capital expenditures

Purchases of equipment, office furniture and vehicles are expensed in the year of acquisition.

(c) Parliamentary appropriations

Parliamentary appropriations are recorded in the Statement of Equity of Canada for the year to which they apply. Any unspent balance lapses if not used in the 30 days following the end of the fiscal year.

(d) Services provided without charge

An estimated amount for accounting and cheque issue services provided without charge by a government department is included in expenses with an offset to the equity of Canada.

(e) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(f) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Board contribute equally to the cost of the plan. This contribution represents the total liability of the Board. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

3. Amounts recoverable under the new inland elevator construction assistance program

Under the new inland elevator construction assistance program, the Board contributed towards certain construction cost. As at March 31, 1983, all contributions by the Board had been paid to operators of the elevators. These operators are called upon to reimburse, without interest, part of the contributions received. Reimbursements are based on stored quantities from the fourth to the tenth year of operation of the new facility without exceeding 40% of the contribution received.

As at March 31, 1984, the Board estimates that the amounts that will be recovered, net of a provision for losses, total $935,528 ($1,072,396 as at March 31, 1983). Because of the basis for the calculation of reimbursements, it is not possible to determine the amounts that will be recovered during each applicable year.

SUMMARY PAGE

CANADIAN NATIONAL RAILWAY COMPANY

MANDATE:

To operate a national railway system and other transportation and related services including water transportation, trucking, telecommunications and hotels.

BACKGROUND:

The corporation was created out of more than 200 companies, many of them insolvent; its creation avoided the emergence of a monopoly in railway transport. Its role was to meld a number of railway companies into one strong and commercially competitive system serving the entire nation. It was recapitalized in 1937, in 1952 and again in 1978. Since 1976, with the exception of 1982, it has operated profitably.

CORPORATION DATA:

HEAD OFFICE:	935 de la Gauchetière Street West Montreal, Quebec H3B 2M9
STATUS:	— Schedule C, Part II — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	By the *Canadian National Railway Act* 1919 which was superseded by the 1955 Act of the same name (RSC 70, Chap. C-10).
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	J. Maurice LeClair
PRESIDENT AND CHIEF OPERATING OFFICER:	Ronald E. Lawless
AUDITOR:	Coopers & Lybrand

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	7,467	6,790	6,336	6,134
Obligations to the private sector	2,618	2,269	2,200	1,732
Obligations to Canada	275	283	290	296
Equity of Canada	3,324	3,113	2,841	3,060
Cash from Canada in the year				
— budgetary	172**	175	173	161
— non-budgetary	18	102	4	7

* Subsequent to the Report period.
** Estimated.

CANADIAN NATIONAL RAILWAY SYSTEM

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have examined the consolidated balance sheet of the Canadian National Railway System as at December 31, 1983 and 1982 and the consolidated statements of income, retained earnings and changes in financial position for each of the two years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the System as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the two years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Also, in our opinion, proper books of account have been kept and the transactions that have come to our notice have been within the powers of the System.

The consolidated financial statements of the System for the year ended December 31, 1981 were reported upon by another firm of chartered accountants.

COOPERS & LYBRAND
Chartered Accountants

Montreal, Quebec
February 27, 1984

CONSOLIDATED BALANCE SHEET
(in thousands of dollars)

ASSETS	December 31 1983	December 31 1982
Current Assets		
Cash	59,544	
Accounts receivable	402,613	370,414
Material and supplies	363,814	449,879
Other current assets	209,269	186,636
	1,035,240	1,006,929
Insurance Fund	5,903	4,086
Investments	36,399	42,431
Properties	5,612,173	5,193,494
Other Assets and Deferred Charges	100,050	89,031
	6,789,765	6,335,971

LIABILITIES		December 31 1983		December 31 1982
Current Liabilities				
Bank loans and other indebtedness		600		114,005
Accounts payable		591,210		537,122
Accrued charges		247,930		240,357
Current portion of long-term debt		46,667		34,043
Other current liabilities		180,824		90,436
		1,067,231		1,015,963
Provision for Insurance		5,903		4,086
Other Liabilities and Deferred Credits		288,576		229,891
Long-Term Debt		2,311,131		2,240,774
Minority Interest in Subsidiary Companies		4,345		4,345
SHAREHOLDER'S EQUITY				
Capital stock of Canadian National Railway Company; 6,487,502 (1982—6,283,902) common shares of no par value authorized, issued and outstanding	2,588,225		2,486,425	
Retained earnings	524,354	3,112,579	354,487	2,840,912
		6,789,765		6,335,971

See accompanying notes to consolidated financial statements.

On behalf of the Board:

J. H. HORNER
Director

J. MAURICE LECLAIR
Director

CONSOLIDATED STATEMENT OF INCOME
(in thousands of dollars)

	Year ended December 31		
	1983	1982	1981
CN Rail			
Revenues	3,386,046	2,967,101	3,078,924
Expenses	3,125,352	3,010,419	2,872,214
Income (loss)	260,694	(43,318)	206,710
Terra Transport			
Revenues	47,839	46,799	49,078
Expenses	82,397	79,193	77,901
Loss	(34,558)	(32,394)	(28,823)
Grand Trunk Corporation			
Revenues	436,464	444,272	468,628
Expenses	448,688	498,777	428,133
Income (loss)	(12,224)	(54,505)	40,495
CN Enterprises			
CN Communications			
Revenues	257,883	244,016	217,641
Expenses	223,402	211,919	185,713
Income	34,481	32,097	31,928
CN Trucking			
Revenues	86,143	88,544	99,142
Expenses	94,092	94,302	99,403
Loss	(7,949)	(5,758)	(261)
CN Hotels and Tower			
Revenues	50,622	57,662	59,448
Expenses	53,389	58,377	58,507
Income (loss)	(2,767)	(715)	941
CN Marine Inc.			
Revenues	197,355	187,623	175,475
Expenses	177,552	171,116	166,162
Income	19,803	16,507	9,313
CN Exploration			
Revenues	24,667	18,578	7,145
Expenses	14,349	7,474	3,006
Income	10,318	11,104	4,139
CN Real Estate			
Revenues	22,701	19,711	17,779
Expenses	12,166	8,415	7,255
Income	10,535	11,296	10,524
Other Businesses			
Income (loss)	611	(649)	(131)
Total CN Enterprises Income	65,032	63,882	56,453
CN Express			
Revenues	86,803	96,266	105,743
Expenses	112,224	136,891	145,639
Loss	(25,421)	(40,625)	(39,896)
Miscellaneous			
Loss	(41,283)	(116,075)	(39,789)
Income (loss) before income taxes and extraordinary item	212,240	(223,035)	195,150
Income taxes	99,290		93,120
Income (loss) before extraordinary item	112,950	(223,035)	102,030
Reduction in income taxes on application of prior years' losses	99,383		91,140
Net income (loss)	212,333	(223,035)	193,170

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(in thousands of dollars)

	Year ended December 31		
	1983	1982	1981
Balance, beginning of year	354,487	577,522	422,986
Net income (loss) for the year	212,333	(223,035)	193,170
	566,820	354,487	616,156
Dividend	42,466		38,634
Balance, end of year	524,354	354,487	577,522

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(in thousands of dollars)

	Year ended December 31		
	1983	1982	1981
Working Capital (Deficiency), beginning of year	(9,034)	(7,628)	(26,938)
Funds Provided			
Net Income (loss) for the year	212,333	(223,035)	193,170
Add (deduct) items not involving the current provision or use of funds			
—Depreciation	251,806	239,573	224,224
—Amortization of capital leases	2,200	506	
—Amortization of discount on long-term debt	508	512	465
—Share of net (income) loss retained by investees accounted for by equity method	731	(1,979)	3,388
—Provision for impairment of investments		97,407	
Funds from operations	467,578	112,984	421,247
Issuance of long-term debt and obligations assumed under capital leases	124,207	536,076	487,953
Issuance of capital stock	101,800	4,300	6,614
Net proceeds from disposal of assets	41,728	16,236	32,610
Other	54,590	24,321	11,208
Total Funds Provided	789,903	693,917	959,632
Funds Used			
Additions to properties			
—Owned	712,754	611,786	662,540
—Leased	1,659	36,314	
Investments	1,623	4,673	11,670
Reduction of long-term debt and capital lease obligations	54,358	42,550	227,478
Dividend	42,466		38,634
Total Funds Used	812,860	695,323	940,322
Increase (Decrease) in Working Capital	(22,957)	(1,406)	19,310
Working Capital Deficiency, end of year	(31,991)	(9,034)	(7,628)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Introduction

All references in these Notes to the "Company" refer to Canadian National Railway Company which is wholly-owned by the Government of Canada and, unless the context otherwise requires, its consolidated subsidiaries, and all references to the "System" mean Canadian National Railway Company and its consolidated subsidiaries together with the lines of railway, marine, telecommunications and other property entrusted by the Government of Canada to the Company for management and operation.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiaries and the Company's share of the assets, liabilities, revenues and expenses of CNCP Telecommunications which is accounted for by the proportionate consolidation method; CN's share in the activities of CNCP Telecommunications represents slightly less than two-thirds of the activities of CN Communications. Also, consistent with the legislation governing the System, the accounts of the Canadian Government Railways entrusted to the Company by the Government of Canada are included in the consolidated financial statements.

Investments in companies in which the Company has less than a majority interest are accounted for by the equity method, where appropriate.

(b) Reporting by Division

In presenting the results by division and CN Enterprises, charges for services performed by one division for another, which are made generally at market value, have not been eliminated. Consolidated net income is not affected by this practice.

(c) Material and Supplies

The inventory is valued at laid down cost based on weighted average cost for ties and rails, latest invoice price for fuel and new materials in stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

(d) Properties

Properties are carried at cost, which, in the case of properties brought into the System on January 1, 1923, is the aggregate of the values then appearing in the books of the railways now comprised in the System, less a write-down of $262.8 million at the time of capital revision in 1937.

Accounting for railway and telecommunications properties is carried out in accordance with rules issued by the Canadian Transport Commission and the Canadian Radio-television and Telecommunications Commission respectively (Canadian properties), and the Interstate Commerce Commission (United States properties). Major additions and replacements generally are capitalized. Interest costs are charged to expense.

The cost of depreciable assets retired or disposed of, less salvage, is charged to accumulated depreciation, in accordance with the group plan of depreciation except for CN Trucking and CN Hotels and Tower divisions which follow the unit plan whereby gains or losses are taken into income as they occur.

(e) Depreciation

Depreciation is calculated at rates sufficient to write off properties over their estimated useful lives, generally on a straight-line basis. For railway and telecommunications properties, certain rates are authorized by the Canadian Transport Commission, the Canadian Radio-television and Telecommunications Commission and the Interstate Commerce Commission. The rates for significant classes of assets are as follows:

	Annual Rate
Ties	2.89%
Rails	1.87%
Other track material	1.90%
Ballast	2.76%
Road locomotives	5.23%
Freight cars	2.97%
Commercial communications systems	6.08%

Hotel properties are depreciated at annual rates of 2% to 10% and vessels at 5%.

(f) Transportation Revenues

Transportation revenues are generally recognized on completion of movements, with interline movements being treated as complete when the shipment is turned over to the connecting carrier. Costs associated with uncompleted movements are generally deferred.

(g) Pensions

Current service costs are charged to operations as they accrue. Past service costs are charged to operations in annual amounts covering principal and interest over varying periods to 2006 (2015 in the case of U.S. Plans).

The funding payments are determined in accordance with the accrued benefit actuarial cost method.

(h) Foreign Exchange

Assets and liabilities in foreign currencies have been translated into Canadian dollars at current rates except for investments, properties and long-term debt for which historical rates have been used. Income is charged or credited with all exchange differences. Income and expenses of foreign subsidiaries have been translated at average rates during the year except for depreciation provisions which are on the same basis as the related properties.

Note 2: Investments

	Percentage of Voting Interest	December 31 1983	December 31 1982
		(in thousands of dollars)	
Companies accounted for by equity method			
Chicago and Western Indiana Railroad Company	20%	6,010	6,389
The Toronto Terminals Railway Company	50%	10,682	10,682
Other		15,146	20,483
		31,838	37,554
Other companies and investments, at cost less provisions for impairment where applicable		4,561	4,877
Total		36,399	42,431

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

Note 3: Properties

	December 31, 1983			December 31, 1982		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
	(in thousands of dollars)					
CN Rail	6,785,361	2,597,619	4,187,742	6,367,381	2,496,658	3,870,723
TerraTransport	98,871	50,311	48,560	98,682	46,621	52,061
Grand Trunk Corporation	537,143	135,287	401,856	536,488	130,887	405,601
CN Enterprises						
CN Communications	674,181	258,557	415,624	647,631	237,918	409,713
CN Trucking	66,293	35,824	30,469	64,593	34,803	29,790
CN Hotels and Tower	193,352	68,821	124,531	195,529	68,517	127,012
CN Marine Inc.	302,721	41,205	261,516	206,444	32,518	173,926
CN Exploration	28,171	2,285	25,886	13,704	257	13,447
CN Real Estate	54,492	11,879	42,613	42,182	10,777	31,405
Other Businesses	31,552	26	31,526	35,073	736	34,337
CN Express	42,580	18,762	23,818	52,475	25,773	26,702
Miscellaneous	27,525	9,493	18,032	27,177	8,400	18,777
	8,842,242	3,230,069	5,612,173	8,287,359	3,093,865	5,193,494
Amounts included above with respect to Canadian Government Railways entrusted to the Company by the Government of Canada	945,772	524,886	420,886	875,222	502,753	372,469

At December 31, 1983 the gross value of assets under capital leases included above was $38.0 million (1982—$36.3 million) and related accumulated amortization thereon amounted to $2.7 million (1982—$0.5 million).

Note 4: Long-Term Debt

	Maturity	Currency in which payable	December 31 1983	December 31 1982
			(in thousands of dollars)	
Bonds, Debentures and Notes				
Canadian National 5¾%, 25 Year Bonds (a, b)	Jan. 1, 1985	Canadian	64,168	66,242
Canadian National 8⅜%, 10 Year Bonds	Nov. 15, 1986	United States	83,232	83,232
Canadian National 8⅞%, 10 Year Bonds (b)	Mar. 1, 1987	Canadian	47,924	49,158
Canadian National 5%, 27 Year Bonds (a, b)	Oct. 1, 1987	Canadian	100,141	103,641
Canadian National 14⅝%, 10 Year Notes	Dec. 1, 1991	United States	117,817	117,817
Canadian National 9¼%, 20 Year Sinking Fund Debentures	Mar. 15, 1998	United States	133,533	133,533
Canadian National 8⅜%, 25 Year Sinking Fund Debentures	July 1, 2002	United States	100,639	105,935
Canadian National 9⁷⁄₁₀%, 25 Year Sinking Fund Debentures	July 15, 2004	United States	174,940	174,940
Canadian National 14%, 25 Year Sinking Fund Debentures	Jan. 15, 2006	United States	178,783	178,783
Canadian National 15%, 25 Year Sinking Fund Debentures	June 1, 2006	United States	181,238	181,238
Canadian National 16¼%, 25 Year Sinking Fund Debentures	Mar. 1, 2007	United States	183,053	183,053
Canadian National 14¾%, 30 Year Sinking Fund Debentures	Sept. 1, 2012	United States	247,984	247,984
Canadian National 12%, 30 Year Sinking Fund Debentures	Mar. 15, 2013	United States	122,548	
Buffalo and Lake Huron 5½%, 1st Mortgage Bonds	Perpetual	Sterling	795	795
Buffalo and Lake Huron 5½%, 2nd Mortgage Bonds	Perpetual	Sterling	1,228	1,228
Total Bonds, Debentures and Notes			1,738,023	1,627,579
Government of Canada Loan and Advances (c)				
Government of Canada loan		Canadian	268,377	275,763
Canadian Government Railways advances for working capital		Canadian	14,075	14,104
Total Government of Canada Loan and Advances			282,452	289,867
Other				
Amounts owing under equipment purchase agreements (d)		United States	183,637	207,282
Swiss borrowings (e)		Swiss Francs	129,158	129,158
Capital lease obligations (f)		Various	30,297	32,587
Promissory note 9⅝% (g)		Canadian	1,703	1,957
Total Other			344,795	370,984
			2,365,270	2,288,430
Less: unamortized discount on long-term debt			6,569	7,077
current portion of long-term debt, at historical exchange rates			42,273	29,986
sinking fund debentures due 2002, held and not cancelled			5,297	10,593
			54,139	47,656
Long-Term Debt			2,311,131	2,240,774

(a) Guaranteed by the Government of Canada.

(b) These bonds are subject to repurchase arrangements.

(c) $221.5 million of the Government of Canada loan bears interest at 8¾% per annum and is payable in equal semi-annual payments of $13.63 million covering principal and interest to June 30, 1998. Terms and conditions pertaining to the balance have not yet been finalized. The weighted average interest rate on the $221.5 million loan and the advances outstanding at December 31, 1983 and 1982, was approximately 8.2% per annum.

(d) Secured by rolling stock and payable by semi-annual or quarterly instalments over various periods to 1995 at interest rates ranging from 8% to 17¾%. As at December 31, 1983, the principal amounts are payable as U.S. $174.7 million (December 31, 1982—U.S. $197.3 million).

(e) A private placement of 100 million Swiss Francs bearing interest at 5⅛%, repayable on March 16, 1988, and a bank loan of 100 million Swiss Francs bearing interest at 5½% and repayable on April 9, 1988. Both are subject to earlier repayment at the Company's option.

(f) Interest rates for these leases range from approximately 11¼% to 15¾% with expiry dates occurring during the years 1984 through 2003. See Note 6 for further information concerning commitments under leases.

(g) Repayable by semi-annual instalments of $218,503, including principal and interest, to August 1, 1988.

(h) Principal repayments, including sinking fund repayments and repurchase arrangements, on debt outstanding at December 31, 1983, and including imputed interest of $15.1 million with respect to payments under capital lease obligations, are as follows:

	(in thousands of dollars)
Year ending December 31:	
1984	59,967
1985	121,649
1986	138,335
1987	185,010
1988	186,537
1989-1993	506,678
1994-1998	487,693
1999-2003	334,136
2004-2008	199,653
2009-2013	92,590

(i) If the year-end exchange rate had been used in translating long-term debt payable in foreign currencies, the long-term debt would have been increased by $152.5 million (1982—$132.0 million).

Note 5: Shareholder's Equity

(a) Capital Stock
During the year, 203,600 shares (1982—8,600) of the no par value common stock of the Company were issued to the Government of Canada at a value of $101,800,000 (1982—$4,300,000) as part of an arrangement, which was revised during 1983, whereby the Government shall purchase shares in the capital stock of the Company having a value in aggregate of up to $158,100,000 (which, adjusted for inflation, now amounts to $164,767,000) as a contribution to the cost of CN Marine's capital projects. The aggregate value of shares issued to December 31, 1983 under this arrangement was $139,390,000.

(b) Retained Earnings
Under its governing legislation, the Company is required to pay to the Receiver General for Canada a dividend equal to 20% of net income for the year or such greater percentage as the Governor in Council may direct. Accordingly, a dividend representing 20% of the net income for the year, has been accrued and is included in Other current liabilities.

Note 6: Major Commitments
(a) Leases

(i) The Company's commitments as at December 31, 1983, under leases, of which the significant portion is in respect of railway rolling stock, but excluding lease obligations recorded as long-term debt (see Note 4) are as follows:

	Non-Cancellable Leases	
	Capital Leases	Operating Leases
	(in thousands of dollars)	
Year ending December 31:		
1984	47,349	65,947
1985	42,088	50,670
1986	37,618	42,355
1987	36,223	39,462
1988	33,935	36,007
1989-1993	53,915	87,264
1994-1998	5,430	33,171
thereafter	2,557	4,264
Total minimum lease payments	259,115	359,140
Less amount representing imputed interest	72,827	
Present value of net minimum lease payments under capital leases	186,288	

Many of the leases provide renewal options and an option to purchase the property at fair market value at the end of the lease term.

(ii) Rental expenses under all lease arrangements were:

	Year ended December 31		
	1983	1982	1981
	(in thousands of dollars)		
Total expenses	169,328	176,073	178,914
Expenses under capital leases not included in long-term debt	46,899	47,779	46,971

(iii) Net change in income and increases in assets and liabilities in the consolidated financial statements, which would have arisen if leases of earlier years which satisfied the criteria for capital leases had been capitalized, are as follows:

	Year ended December 31		
	1983	1982	1981
	(in thousands of dollars)		
Net increase (decrease) in income	2,272	596	(540)
Increase in Assets			
Properties			
Leased properties under capital leases	295,782	296,019	301,397
Less accumulated amortization	172,959	152,292	131,487
	122,823	143,727	169,910

Increases in Liabilities			
Current Liabilities			
Present value of obligations under capital leases	28,500	25,817	23,600
Non-Current Liabilities			
Present value of obligations under capital leases	186,288	208,292	228,671
Less current portion	28,500	25,817	23,600
	157,788	182,475	205,071

(b) Other

The Company has a commitment at December 31, 1983, to purchase rail from a major Canadian steel producer at an aggregate cost of $18.6 million. In addition, there are commitments for capital expenditures of $79.1 million for railway ties and $9.1 million for rolling stock.

Note 7: Subsidies

Revenues include the following subsidies:

	Year ended December 31		
	1983	1982	1981
	(in thousands of dollars)		
Government of Canada			
(a) Payments under the Railway Act paid under authority of that Act and the related Appropriation Act in respect of certain uneconomic operations, services and prescribed rates which railways are required by the Railway Act to maintain	205,468	229,494	162,018
(b) Interim payments to partially offset revenue shortfalls associated with the cost of carrying grain at uneconomic statutory rates for the crop year of August 1, 1982 to July 31, 1983 and for the period of August 1, 1983 to December 31, 1983	228,452		
(c) Maritime Freight Rates Act and Atlantic Region Freight Assistance Act subsidies	17,361	16,161	17,341
(d) Other	6,154	6,529	5,718
Other	168	803	2,623
	457,603	252,987	187,700

Note 8: Pensions

The Company has retirement benefit plans covering substantially all its employees under which they are entitled to benefits at retirement age, based on compensation and length of service. Annual pension costs were as follows:

Year ended December 31		
1983	1982	1981
(in thousands of dollars)		
138,252	185,359	182,570

Effective January 1, 1983, the Company adopted a more current actuarial valuation as the basis for determining the amount of the past service pension costs remaining to be charged to operations, resulting in a net reduction in pension costs of $47.1 million.

The total amount of past service costs remaining to be charged to operations at December 31, 1983, 1982 and 1981 based on the latest actuarial valuation at the time and adjusted for subsequent changes, aggregate:

	December 31		
	1983	1982	1981
	(in thousands of dollars)		
Canadian plans	1,415,981	1,526,280	1,445,213
U.S. plans	13,682	13,710	28,669
	1,429,663	1,539,990	1,473,882

The amount remaining at December 31, 1983, which reflects a reduction of $126.8 million resulting from the most recent actuarial valuation, will be charged to operations in annual amounts, including principal and interest, as follows:

	Annual Cost (in thousands of dollars)
1984	78,926
1985	86,557
1986	152,708
1987	151,172
1988	159,584
1989	168,451
1990	177,811
1991	187,686
1992	175,534
1993	160,159
1994	163,631
1995	172,836
1996	186,380
1997	124,372
1998	103,536
1999	109,218
2000	115,210
2001	121,944
2002	73,371
2003	77,392
2004	81,635
2005	86,110
2006	90,679
2007-2008	103
2009	559
2010-2011	563
2012-2015	1,476

In 1983, charges to operations exceeded funding by $25.4 million whereas for each of the years 1982 and 1981 funding exceeded the charge to operations by $4.3 million. The cumulative excess of charges to operations over funding requirements, amounting to $81.6 million (1982 — $56.2 million), is included in Other Liabilities and Deferred Credits.

The actuarially-computed value of vested benefits at December 31, 1981, the date of the latest actuarial valuation, exceeded the total of the pension funds at that date by $214.8 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

Note 9: Miscellaneous Loss

Miscellaneous loss consists of the following:

	Year ended December 31		
	1983	1982	1981
	(in thousands of dollars)		
Miscellaneous revenues	1,851	1,839	1,851
Interest			
Total interest on long-term debt	274,180	236,206	158,192
Interest on short-term borrowings	7,950	7,182	14,946
Interest on investments	(13,687)	(3,015)	(2,307)
Total interest (net)	268,443	240,373	170,831
Interest assigned to divisions	(248,507)	(214,169)	(168,398)
	19,936	26,204	2,433
Other expense (net)[1]	23,198	91,710	39,207
Total expenses	43,134	117,914	41,640
Total miscellaneous loss	41,283	116,075	39,789

[1]Other expense (net) consists of general corporate income and expenses and in 1982 included a provision of $61.5 million for impairment of the value of a portfolio investment.

Note 10: Income Taxes

The Company has timing differences of approximately $900 million which are available to reduce taxable income of future years. Of that amount, about $700 million is due to the excess of the undepreciated capital cost for income tax purposes over the net book value of depreciable assets.

In addition, the following investment tax credits are also available to reduce future income taxes otherwise payable until the related year of expiry:

Year of Expiry	(in millions of dollars)
1984	19.4
1985	28.2
1986	35.0
1987	32.0
1988	4.4
1990	26.1

The Company is eligible for a refund of 20% of the current year's investment tax credits in respect of qualified expenditures made after April 19, 1983 and has recognized the resulting benefit of $6.5 million in "Miscellaneous".

Note 11: Segmented Information

(a) Geographic Areas

Virtually all of the System's operations and assets are within Canada with the exception of Grand Trunk Corporation which operates in the United States.

(b) International Traffic

In addition to the revenue generated by Grand Trunk Corporation, the System derives revenue from traffic originating or terminating on railroads in the United States. In 1983, such revenues approximated $581 million (1982—$528 million, 1981—$607 million).

(c) Identifiable Assets by Division

	December 31		
	1983	1982	1981
	(in thousands of dollars)		
CN Rail	4,886,466	4,612,860	4,376,924
TerraTransport	57,901	65,616	63,481
Grand Trunk Corporation	591,851	586,727	619,742
CN Enterprises			
CN Communications	471,750	463,827	452,221
CN Trucking	55,820	50,371	62,618
CN Hotels and Tower	138,783	138,781	141,748
CN Marine Inc.	309,183	204,662	175,766
CN Exploration	31,111	20,845	2,718
CN Real Estate	57,720	52,046	32,588
Other Businesses	51,287	45,480	71,209
CN Express	34,744	42,160	61,388
Miscellaneous	103,149	52,596	73,360
Total assets per Consolidated Balance Sheet	6,789,765	6,335,971	6,133,763

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Concluded*

(d) Capital Expenditures and Depreciation by Division

	Capital Expenditures[1]			Depreciation		
	Year ended December 31					
	1983	1982	1981	1983	1982	1981
	(in thousands of dollars)					
CN Rail	508,318	469,057	512,290	166,463	161,692	151,717
TerraTransport	1,202	1,276	3,533	4,044	3,361	2,392
Grand Trunk Corporation	11,264	26,161	39,493	13,366	13,553	11,952
CN Enterprises						
CN Communications	45,631	62,260	58,838	40,679	36,374	31,696
CN Trucking	5,353	1,347	8,765	4,252	4,595	5,830
CN Hotels and Tower	5,074	6,168	10,146	5,748	5,932	5,803
CN Marine Inc.	99,689	30,452	19,607	11,602	8,517	8,466
CN Exploration	15,216	11,988	1,716	2,028		53
CN Real Estate	10,747	1,661	60	637	451	365
Other Businesses	8,736	34,101	951	822	730	13
CN Express	2,811	3,349	1,118	3,272	3,785	4,286
Miscellaneous	372	280	6,023	1,093	1,089	1,651
	714,413	648,100	662,540	254,006	240,079	224,224

[1] Represents additions to property, plant and equipment.

Note 12: Other Matters

(a) The Company carries on ordinary business transactions with various entities controlled by the Government of Canada on the same terms and conditions as current transactions with unrelated parties.
In addition, the Company provides, under contractual arrangements, rail transportation and maintenance and marine services to the Government of Canada and to entities controlled by the latter. The revenue derived from such services rendered in 1983 aggregated $462.2 million (1982—$487.3 million, 1981—$483.4 million).

(b) Commencing in 1977, the Government of Canada has agreed to pay to the Company, by way of capital grants not exceeding $292.8 million, certain amounts with respect to expenditures incurred in carrying out rehabilitation programs for branch lines in Western Canada. Total payments received up to December 31, 1983, amounted to $288.4 million of which $50.2 million was received in 1983 (1982—$50.9 million).

(c) The Government of Canada has agreed to pay during its 1983-84 fiscal period an amount not exceeding $21 million to the Company as part of a program commenced in 1981 for the testing and evaluation of railway operations in Newfoundland and to reimburse CN for certain wage and wage-related costs incurred by CN at the request of the Government during the testing and evaluation period. Total billings in 1983 amounted to $18.4 million (1982—$13.8 million).

(d) Grand Trunk Corporation (GTC), under the terms of an acquisition agreement dated August 17, 1982, agreed to acquire all the voting shares of the reorganized Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee Road) subject to various conditions, including that company's meeting certain operating goals and approvals being obtained from the Reorganization Court and the Interstate Commerce Commission (ICC). Since then, the ICC has also accepted a competing application of the Chicago and North Western Transportation Company (CNW). The Chicago Milwaukee Corporation, which holds legal title to the majority of the Milwaukee Road stock, has opposed both applications and sought to have the Milwaukee Road returned to its control.
On February 10, 1984, the Reorganization Court ordered that it would stay all pending proceedings before the ICC and permit the Soo Line Railroad Company and other interested parties to submit offers for the Milwaukee Road and provide an opportunity for GTC and CNW to modify their proposals. GTC will appeal the Court's order. Additional measures to protect GTC's interests in the agreement and to respond to the changing situations are under consideration.

(e) The recently enacted Western Grain Transportation Act, which became effective on January 1, 1984, provides for increases in rail freight rates for certain grains and grain products. Most of these grains were previously carried at uneconomic statutory rates. The new legislation will enable the Company to recover substantially all of its costs of carrying grain traffic through tariff charges to be paid partly by the Government of Canada and partly by shippers.

Note 13: Reclassification of Comparative Figures

During 1983, changes were made to improve the classification of certain items and for comparative purposes the 1982 and 1981 figures have been reclassified.

SUMMARY PAGE

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LIMITED

MANDATE:

To collect moneys due to it from the sale of eight steamships to Cuban interests.

BACKGROUND:

The corporation, which provided a steamship service to the West Indies, has been inactive since 1958 when its fleet of ships was sold to Banco Cubana of Havana. In 1959 the corporate management was transferred to federal government officials for the purpose of collecting the proceeds from the sale. An irrevocable letter of credit issued through the Bank of America to cover the final principal payment was not honoured due to the passing of the Cuban Assets Control Regulations by the U.S. Government on July 3, 1963. The sole purpose of maintaining the company is to collect the outstanding principal plus interest, totalling $0.9 million as of December 31, 1984.

CORPORATION DATA:

HEAD OFFICE:	Tower C Place de Ville Ottawa, Ontario K1A 0N5
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Created by CNR in 1927 under the *Dominion Companies Act* and continued (78/11/21) under the *Canada Business Corporations Act*.
SECRETARY-TREASURER:	Stanley L. Allen
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	1.0	0.9	0.8	0.7
Obligations to the private sector	nil	nil	nil	nil
Obligations to Canada	0.3	0.3	0.3	0.3
Equity of Canada	0.6	0.6	0.5	0.4
Cash from Canada in the year				
— budgetary	nil	nil	nil	nil
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of Canadian National (West Indies) Steamships Ltd. as at December 31, 1983 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 25, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
	$	$
Cash	1,465	1,452
Deposit with Receiver General for Canada	95,000	95,000
Blocked funds (Note 2)	791,753	717,700
	888,218	814,152

LIABILITIES	1983	1982
	$	$
Filing fee payable	30	30
Matured bonds—Unclaimed (Note 3)	14,025	14,025
Due to Canada (Note 4)	324,024	324,024
	338,079	338,079
EQUITY OF CANADA		
Capital stock		
Authorized and issued		
10 Class A shares without nominal or par value	976	976
Retained earnings	549,163	475,097
	550,139	476,073
	888,218	814,152

Approved by the Board of Directors:

A. G. IRVINE
Director

STANLEY L. ALLEN
Director

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Interest income	74,096	82,237
Filing fee	30	30
Net income for the year	74,066	82,207
Retained earnings at beginning of the year	475,097	392,890
Retained earnings at end of the year	549,163	475,097

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1983

1. Authority

The Corporation was continued under the Canada Business Corporations Act and is an agency Crown corporation named in Schedule C to the Financial Administration Act. It ceased all active operations in 1957 at which time it sold its fleet of eight vessels to Cuban interests.

2. Blocked funds

The final installment of $470,400 on the sale of the eight vessels to Cuban interests was due to be paid August 19, 1963 by an irrevocable letter of credit issued through the Bank of America. However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective and prohibited the Bank of America from honouring payment of the draft. Amendments to the Regulations, effective March 2, 1979 require blocked funds to be held in an interest-bearing account and at December 31, 1983 accumulated interest amounted to $321,353 (1982—$247,300).

Negotiations to obtain a preferred status in order to receive the blocked funds have not been successful. In the opinion of management, based on legal counsel, these funds will be collected when the Regulations are repealed. A waiver of the application of the statute of limitations has been obtained until January 1, 1989, and further extensions will be obtained as required.

3. Matured bonds—Unclaimed

The matured bonds have been unclaimed since March 31, 1955 and as a result of the statute of limitations there is no legal obligation to redeem them. However, the Corporation intends to honour any of the outstanding bonds should they be presented.

4. Due to Canada

The advances from Canada bear no interest and are repayable when the blocked funds are received.

SUMMARY PAGE

CANADIAN PATENTS AND DEVELOPMENT LIMITED

MANDATE:

To secure optimum benefits to Canada from commercially utilizable technology accruing to the Crown from expenditure of federal funds.

BACKGROUND:

The corporation makes available to the public the industrial and intellectual property resulting from government-funded research and development. It makes licensing arrangements with industry and moneys received thereby are used to cover most of its operating expenses. Awards are paid to inventors under the *Public Service Inventors Act*.

CORPORATION DATA:

HEAD OFFICE:	275 Slater Street Ottawa, Ontario, K1A 0R3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Sinclair Stevens, P.C., Q.C., M.P.
DEPARTMENT:	Regional Industrial Expansion
DATE AND MEANS OF INCORPORATION:	Letters Patent under the *Companies Act* — 47/10/24.
CHIEF EXECUTIVE OFFICER:	W. Dallas Gordon (Acting)
CHAIRMAN:	William F. Graydon
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	1.7	1.5	1.7
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	0.9	0.9	1.1
Cash from Canada in the period			
— budgetary	0.4	nil	0.4
— non-budgetary	nil	nil	nil

CANADIAN PATENTS AND DEVELOPMENT LIMITED

AUDITOR'S REPORT

THE HONOURABLE EDWARD C. LUMLEY, P.C., M.P.
MINISTER OF REGIONAL INDUSTRIAL EXPANSION

I have examined the balance sheet of Canadian Patents and Development Limited as at March 31, 1984 and the statements of operations and surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 31, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	211,939	122,728
Term deposits	590,000	680,000
Accounts receivable	623,000	440,068
Accrued interest	6,519	5,390
Prepaid expenses	7,947	10,318
	1,439,405	1,258,504
Investment in Canada bonds (market value: 1984—$204,575; 1983—$211,563)	247,500	247,500
Industrial and intellectual property rights (Notes 2, 3 and 5)	1	1
Experimental equipment on loan to a licensee (Note 4)	1	1
	1,686,907	1,506,006

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable and accrued liabilities	553,120	418,672
Royalties received in advance	48,344	58,340
	601,464	477,012
Provision for employee termination benefits	151,071	124,028
	752,535	601,040
EQUITY OF CANADA		
Capital stock		
Authorized—10,000 shares of no par value		
Issued—5,000 shares fully paid	296,199	296,199
Surplus	638,173	608,767
	934,372	904,966
	1,686,907	1,506,006

Approved by the Board:

W. D. GORDON
Director

DENNIS P. DEMELTO
Director

STATEMENT OF OPERATIONS AND SURPLUS FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Revenue		
Royalties	1,442,560	1,360,183
Interest on investments	78,900	133,369
Service charges under agency agreements	52,179	48,591
Interest charged on overdue accounts	22,190	37,903
Miscellaneous	13,576	6,086
	1,609,405	1,586,132
Expenses		
Salaries and employee benefits	1,040,331	937,644
Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection (Note 5)	244,624	225,624
Amounts paid or owing to third parties in respect of royalty revenue	151,643	186,515
Accommodation, equipment and other rentals	136,521	88,553
Awards to inventors	95,616	100,715
Legal fees	85,758	59,118
Office supplies, printing, furnishings and equipment	48,464	34,575
Professional and special services	47,171	29,831
Travel and removal	36,888	38,628
Communications	32,788	30,482
Bad debts	8,005	36,344
Miscellaneous	2,190	1,620
	1,929,999	1,769,649
Cost of operations	320,594	183,517
Parliamentary appropriation	350,000	
Excess of parliamentary appropriation over cost of operations (cost of operations over parliamentary appropriation) for the year	29,406	(183,517)
Surplus at beginning of the year	608,767	792,284
Surplus at end of the year	638,173	608,767

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Working capital provided		
Parliamentary appropriation	350,000	
Redemption of Canada bonds		100,000
	350,000	100,000
Working capital applied		
Cost of operations	320,594	183,517
Provision for employee termination benefits not requiring an outlay of funds	(27,043)	(2,156)
	293,551	181,361
Increase (decrease) in working capital	56,449	(81,361)
Working capital at beginning of the year	781,492	862,853
Working capital at end of the year	837,941	781,492

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority and operations

Canadian Patents and Development Limited is a Crown corporation named in Schedule C to the Financial Administration Act and is incorporated under the Canada Business Corporations Act. The Corporation was established to make available to the public, through licensing arrangements with industry, the industrial and intellectual property which results from publicly-funded research and development.

The Corporation receives and processes industrial and intellectual property under arrangements with federal government departments, Crown corporations and agencies, universities, and other publicly-financed institutions. Suitable protection is sought in Canada and other countries for such property in instances where there is a promise of commercial use. In respect of money received from the exploitation of such property, the Corporation pays awards to public servants under the Public Servants Inventions Act and makes payments to other originators of such property in accordance with the agreements entered into with them.

2. Significant accounting policies

Investment in Canada bonds

Canada bonds are carried at cost since it is management's intention to hold them to maturity in 1989.

Industrial and intellectual property rights

Industrial and intellectual property rights are recorded at a nominal value of $1. The net cost of acquisition, protection and maintenance of industrial and intellectual property rights is charged to operations as incurred (Notes 3 and 5).

Experimental equipment on loan to a licensee

Experimental equipment on loan to a licensee is recorded at a nominal value of $1. The cost of this equipment is charged to operations in the year of acquisition.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

Parliamentary appropriations

Parliamentary appropriations are recorded when received.

Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contributions to the cost of the Plan under present legislation are limited to an amount equal to the employees' contributions on account of current service. These contributions, which amounted to $53,550 for the period ended March 31, 1984, (1983—$51,985) represent the total pension obligations of the Corporation and are recognized in the accounts on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

3. Industrial and intellectual property rights

The accumulated cost of current inventory of unexpired patent and other rights in respect of industrial and intellectual property amounts to $2,128,966 (1983—$1,957,000).

4. Experimental equipment on loan to a licensee

The accumulated cost of experimental equipment purchased under active development contracts and held by a licensee amounts to $123,500 (1983—$123,500).

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

5. Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection

	1984	1983
	$	$
Fees and related expenses	390,490	380,361
Less: recoveries	145,866	154,737
	244,624	225,624

6. Lease commitments

Under a lease agreement dated September 30, 1983 the Corporation pays an annual rent of $169,425 for accommodation. The period covered by this agreement is November 1, 1983 to October 31, 1988.

SUMMARY PAGE

CANADIAN SALTFISH CORPORATION

MANDATE:

To regulate interprovincial and export trade in saltfish from participating provinces (Quebec — Lower North Shore and, Newfoundland) in order to improve earnings of primary producers of cured cod fish.

BACKGROUND:

By its enabling legislation the corporation must buy all saltfish offered to it which is of reasonable quality and must conduct its operations on a self-sustaining basis without appropriations.

CORPORATION DATA:

HEAD OFFICE:	Saltfish Building Torbay Road P.O. Box 6088 St. John's, Newfoundland A1C 5X8
STATUS:	— Schedule C, Part I — an agent of her Majesty
APPROPRIATE MINISTER:	The Honourable John Fraser, P.C., Q.C., M.P.
DEPARTMENT:	Fisheries and Oceans
DATE AND MEANS OF INCORPORATION:	Created by the *Saltfish Act* (RSC 70, c37, 1st supplement)
CHIEF EXECUTIVE OFFICER:	Bill Moyse (Acting)
CHAIRMAN:	Donald D. Tansley
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	18.3	18.9	12.6
Obligations to the private sector	nil	nil	nil
Obligations to Canada	14.1	8.4	1.7
Equity of Canada	0.4	5.4	5.4
Cash from Canada in the period			
— budgetary	nil	nil	nil
— non-budgetary, net	5.7	6.7	(0.3)

CANADIAN SALTFISH CORPORATION

AUDITOR'S REPORT

THE HONOURABLE JOHN A. FRASER, P.C., M.P.
MINISTER OF FISHERIES AND OCEANS

I have examined the balance sheet of the Canadian Saltfish Corporation as at March 31, 1984 and the statements of gross margin, income, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of accounting for gains and losses on foreign exchange transactions as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith. The transactions that have come under my notice have been within the statutory powers of the Corporation except for the activities involving frozen fish products described in Note 1 to the financial statements. In my opinion, these activities are not within the powers of the Corporation under the Saltfish Act.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
6 July 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
Current		
Cash	$105,883	$469,042
Accounts receivable	7,038,998	8,816,257
Inventories (Note 4)	8,783,788	8,292,850
Advances to frozen fish producers (Note 1)	1,215,979	—
	17,144,648	17,578,149
Long-term receivables	7,077	17,556
Fixed (note 5)		
Land, buildings and equipment, at cost or appraised value	2,773,507	2,764,927
Less: Accumulated depreciation	1,585,303	1,432,546
	1,188,204	1,332,381
	$18,339,929	$18,928,086

LIABILITIES	1984	1983
Current		
Working capital loans from Canada (Note 6)	$13,000,000	$7,000,000
Accounts payable and accrued liabilities	3,578,362	4,078,452
Provision for additional contributions payable to fishermen and producers (Note 3)	—	825,000
Current portion of capital asset loans from Canada	271,000	312,500
	16,849,362	12,215,952
Long-term		
Capital asset loans from Canada, net of current portion (Note 6)	835,000	1,093,500
Provision for employee termination benefits (Note 3)	213,010	193,188
	1,048,010	1,286,688
EQUITY OF CANADA		
Retained earnings	442,557	5,425,446
	$18,339,929	$18,928,086

Approved by the Board:

D.D. TANSLEY
Director

A.J. MALONEY
Director

STATEMENT OF GROSS MARGIN FOR
THE YEAR ENDED MARCH 31, 1984

	1984			1983
	Salted and Traded	Frozen	Total	Salted and Traded
Sales				
Saltfish products	$35,394,893	$ —	$35,394,893	$47,332,804
Traded fish products	1,608,962	—	1,608,962	5,304,978
Frozen fish products (Note 1)	—	5,478,748	5,478,748	—
	37,003,855	5,478,748	42,482,603	52,637,782
Less: Freight and Insurance	2,359,330	—	2,359,330	3,502,605
	34,644,525	5,478,748	40,123,273	49,135,177
Cost of Goods Sold				
Production costs	34,236,566	—	34,236,566	43,982,598
Transportation, Storage and Packaging	2,282,839	—	2,282,839	1,877,954
Other buying costs	1,039,106	—	1,039,106	842,272
Frozen fish products (Note 1)	—	5,478,748	5,478,748	—
	37,558,511	5,478,748	43,037,259	46,702,824
Gross (Loss) Margin	$(2,913,986)	$ —	$(2,913,986)	$2,432,353

STATEMENT OF INCOME FOR
THE YEAR ENDED MARCH 31, 1984

	1984	1983
Gross (Loss) Margin	$(2,913,986)	$2,432,353
Expenses		
Selling	603,978	834,484
Administrative	621,521	560,743
Interest — Long Term	131,835	160,389
— Current	909,541	80,232
Gain on Foreign Exchange	(197,972)	(62,261)
	2,068,903	1,573,587
(Loss) Income before additional contributions to fishermen and producers	(4,982,889)	858,766
Additional contributions to fishermen and producers (Note 3)	—	825,000
Net (Loss) income for the year	$(4,982,889)	$ 33,766

STATEMENT OF RETAINED EARNINGS FOR
THE YEAR ENDED MARCH 31, 1984

	1984	1983
Unappropriated		
Balance at beginning of the year	$3,121,446	$3,087,680
Net (Loss) income for the year	(4,982,889)	33,766
	(1,861,443)	3,121,446
Add: transferred from appropriated	2,304,000	—
Balance at end of the year	442,557	3,121,446
Appropriated (Note 7)		
Balance at beginning of the year	2,304,000	2,304,000
Less: transferred to unappropriated	2,304,000	—
Balance at end of year	—	2,304,000
	$ 442,557	$5,425,446

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
Working capital provided		
Operations		
Net (Loss) income for the year	$(4,982,889)	$33,766
Items not requiring an outlay of funds:		
Depreciation	199,964	227,575
Increase in provision for employee termination benefits	19,822	32,426
	(4,763,103)	293,767
Decrease in long-term receivables	10,479	17,185
	(4,752,624)	310,952
Working capital applied		
Net additions to fixed assets	55,787	64,822
Capital asset loans from Canada becoming current	258,500	312,500
	314,287	377,322
Decrease in working capital	5,066,911	66,370
Working capital at beginning of the year	5,362,197	5,428,567
Working capital at end of the year	$295,286	$5,362,197

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Objectives and operations of the Corporation

The Canadian Saltfish Corporation was established by the Saltfish Act in 1970, to improve the earnings of the primary producers of cured codfish. The corporation is an Agency Crown corporation of Canada named in Schedule C to the Financial Administration Act and is required to conduct its operations on a self-sustaining financial basis. The Corporation is dependent on the Government of Canada for working capital and capital asset loans. The Corporation is not subject to income taxes.

The Corporation has the exclusive right to trade in and market cured fish and its by-products in the Province of Newfoundland and the Lower North Shore of Quebec and is required to buy all cured fish of an acceptable standard of quality offered for sale therein. Fish is purchased from fishermen, processed through agents of the Corporation and is subsequently marketed by the Corporation.

Traded fish and frozen fish products.

The Corporation is involved in the role of marketing frozen fish products on behalf of independent producing companies.

(1) The Corporation markets frozen, fresh and salted fish products (traded fish) on a brokerage basis for a commission. These traded sales and related costs of sales are recorded on the statement of gross margin. The traded fresh and frozen fish products included in traded fish product sales amounted to $907,229 for the year.

(2) The Corporation also markets frozen fish products under contractual arrangements with a number of companies. Under this agreement the Corporation advances up to 70% of the projected market value to the producer. The balance of the market value received by the producing company is determined by the ultimate selling price and all related expenses. The Corporation does not receive any revenue for this service but does recover the direct costs of providing the service, interest on advances and overhead expenses.

In certain instances, in order to secure the Corporation's position against any possible third party claims against the producer, the Corporation takes title to the product when it leaves the plant. The agreement with the producing company attributes any gain or loss on the ultimate sale of the product to the producer. These frozen fish sales and related costs of sales are therefore offsetting amounts of $5,478,748 and are recorded as such on the statement of gross margin. Where title does not pass to the Corporation, sales, amounting to $8,442,505 are not recorded in the Corporation's accounts and are in addition to the sales shown on the statement of gross margin.

2. Foreign exchange policy

Effective April 1, 1983 the Corporation adopted the accounting policy of including all material gains and losses resulting from the translation of monetary assets and liabilities in income for the period. Formerly, unrealized gains at year-end were not recorded. This method has been adopted to more appropriately reflect the results of foreign exchange transactions. As the effect of this change on the reported earnings of prior years is not material it has not been applied retroactively.

3. Significant accounting policies

Depreciation

Depreciation is calculated on the straight-line method and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	3 to 10 years
Furniture and fixtures	5 years

Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the determination of net income.

Provision for additional contributions to fishermen and producers.

The Corporation purchases saltfish at initial prices established by the Board of Directors and obtains processing services at negotiated rates. Additional contributions, if any, to fishermen and producers are determined by the Board based on the results of operations. These contributions are made in respect of products purchased and processed during the year and therefore are charged to the operations of the year in which they are approved for distribution.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required for both the employee and the Corporation. Contributions with respect to current services are expensed in the current period.

Employee termination benefits

Employees are entitled to specific benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

4. Inventories

Inventories are made up of the following categories:

	1984	1983
Fish, at lower of cost and net realizable value	$6,123,257	$7,560,960
Packages and supplies, at cost	318,079	208,483
Salt, at cost	380,130	523,407
	6,821,466	8,292,850
Frozen fish at lower of cost and net realizable value	1,962,322	—
	$8,783,788	$8,292,850

5. Fixed assets

	1984			1983
	Cost or appraised value	Accumulated depreciation	1984 Net book value	1983 Net book value
Land	$117,274	$ —	$117,274	$117,574
Buildings	904,540	229,271	675,269	714,896
Equipment	1,587,260	1,263,876	323,384	420,320
Furniture and fixtures	164,433	92,156	72,277	79,591
	$2,773,507	$1,585,303	$1,188,204	$1,332,381

Depreciation expense for the year ended March 31, 1984 is $199,964 (1983 — $227,575).

6. Loans from Canada

Working Capital Loans are interest bearing and are repayable within one year.

Total loans outstanding from Canada and banks shall not exceed $30 million.

Loans obtained to finance capital expenditures bear interest and are subject to repayment in ten equal instalments. Outstanding capital asset loans are as follows:

Due Date	Interest rate %	1984	1983
March 25, 1984	7 3/8	$ —	$ 54,000
June 19, 1984	7 3/4	73,500	147,000
September 22, 1985	7 3/4	45,000	67,500
March 31, 1986	8 7/8	37,500	37,500
March 27, 1989	10 1/8	50,000	60,000
September 28, 1989	10	480,000	560,000
September 30, 1990	12 3/8	420,000	480,000
		1,106,000	1,406,000
Less current portion		271,000	312,500
		$835,000	$1,093,500

Repayment requirements over the next five fiscal years are $271,000 in 1985, $185,000 in 1986, $150,000 in 1987, 1988 and 1989.

7. Appropriated retained earnings

The Board of Directors established that the following amounts be appropriated from retained earnings:

	March 31, 1984	March 31, 1983
Reinvestment in fixed assets	$ —	$1,004,000
General contingencies	—	1,000,000
Processing and quality improvements	—	200,000
Research and development	—	100,000
	$ —	$2,304,000

SUMMARY PAGE

CANADIAN SPORTS POOL CORPORATION

MANDATE:

To provide for, operate and manage a Government-operated pool system on combinations of athletic contests and events.

BACKGROUND:

Incorporated in 1983, operations were terminated in 1984. Legislation (Bill C-2) was introduced in the House of Commons on November 7, 1984 to authorize the dissolution of the corporation.

CORPORATION DATA:

HEAD OFFICE:	255 Albert Street P.O. Box 9705 Station T Ottawa, Ontario K1G 3Z4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Jake Epp, P.C., M.P.
DEPARTMENT:	National Health and Welfare
DATE AND MEANS OF INCORPORATION:	*Athletic Contests and Events Pools Act*, 83/06/29 (SC 1980-81-82-83 c.161).
CHIEF EXECUTIVE OFFICER:	Hugh J. Mullington
CHAIRMAN:	Vacant
AUDITOR:	Mallette, Benoit

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84
At the end of the period:	
Total Assets	11.3
Obligations to the private sector	nil
Obligations to Canada	nil
Equity of Canada	nil
Cash from Canada in the year	
— budgetary	10.5
— non-budgetary	nil

CANADIAN SPORTS POOL CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF STATE FOR FITNESS
AND AMATEUR SPORTS
AND TO THE BOARD OF DIRECTORS
OF CANADIAN SPORTS POOL CORPORATION

We have examined the balance sheet of Canadian Sports Pool Corporation as at March 31, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

We further report that, in our opinion, proper books of account have been kept by the Corporation and the accompanying balance sheet is in agreement with the books of account.

In our opinion, the balance sheet presents fairly the financial position of the Corporation as at March 31, 1984 in accordance with generally accepted accounting principles.

MALLETTE, BENOIT, BOULANGER,
RONDEAU & ASSOCIÉS
Chartered Accountants

Longueuil
June 18, 1984

BALANCE SHEET MARCH 31, 1984

ASSETS	1984
	$
Current assets	
Cash	9,101,777
Prepaid expenses	36,462
Pre-operating expenses (Note 3)	2,134,731
	11,272,970
Fixed assets (Note 4)	62,573
	11,335,543

LIABILITIES	1984
	$
Current liabilities	
Accounts payable and accrued liabilities (Note 5)	701,218
Deferred revenues (Note 6)	10,500,000
Deferred interest income	134,325
	11,335,543

Contingent Liability (Note 7)

On behalf of the Board:

ANDRÉ F. LIZOTTE
Director

JOHN R. GOW
Director

NOTES TO FINANCIAL STATEMENT
MARCH 31, 1984

1. Statutes of Incorporation

The Canadian Sports Pool Corporation is a Crown corporation wholly-owned by the Government of Canada; it was incorporated on June 29, 1983 by the Athletic Contests and Events Pools Act.

2. Accounting Policies

(a) Fixed assets and depreciation

Fixed assets are accounted for at cost.

Depreciation of fixed assets will be recorded using the straight-line method at the rate of 20%.

For the fiscal period ending March 31, 1984, no depreciation has been recorded because the Corporation was not in operation.

(b) Operation

The Corporation had not started its operation as of March 31, 1984. Pre-operating expenses have been deferred as explained in Note 3.

3. Pre-operating Expenses

Pre-operating expenses consist of costs incurred for the organization of the Corporation. These expenses are being amortized in its first year of operation April 1, 1984 to March 31, 1985, consistent with section 19(1) of the Athletic Contests and Events Pools Act.

	$
Salaries	670,720
Office	98,319
Rent	48,583
Advertising and promotion	357,389
Professional fees	847,365
Miscellaneous	112,355
	2,134,731

4. Fixed Assets

	Cost	Accumulated depreciation	Net value
	$	$	$
Data processing equipment	21,878		21,878
Office furniture and equipment	35,927		35,927
Leasehold improvements	4,768		4,768
	62,573		62,573

5. Accounts payable and accrued liabilities

	$
Trade	463,273
Other	237,945
	701,218

6. Deferred revenues

The Government of Canada paid the sum of $10,500,000 out of the Consolidated Revenue Fund.

This amount will be considered as revenue received by the corporation in its first twelve months of operation, consistent with section 19(1) of the Athletic Contests and Events Pools Act.

7. Contingent liability

A permanent injunction has been requested by "La Société des Loteries et Courses du Québec" (Loto Québec) and the National League of Professional Baseball Clubs for alleged trademark, copyright and damage of goodwill and reputation infringement. The above two requests for permanent injunctions are scheduled to be heard in September 1984.

Furthermore, a lawsuit has been brought against the Government of Canada by the attorney generals of the ten Provinces alleging that the operations of the Canadian Sports Pool Corporation contravene the terms of a Federal-Provincial agreement signed in 1979.

The Corporation is of the opinion that it has valid defenses against these Court actions.

8. Remuneration of directors and officers

	$
Remuneration of directors	52,900
Remuneration of officers	70,550
	123,450

9. Contractual obligations

(a) The Corporation has undertaken to rent certain premises under the terms of leases having terms of three years beginning April 1, 1984. Under the terms of these leases, the total minimum commitment excluding property taxes and other escalator clauses is $1,035,720. The balance of the commitment is $1,035,720 as at March 31, 1984 and future minimum payments payable over the next four years are as follows:

	$
1985	327,894
1986	345,240
1987	345,240
1988	17,346

(b) Should the Corporation terminate its agreement, it is committed to pay approximately the sum of $4,990,400 by virtue of a three year contract beginning April 1, 1984 for the printing of tickets.

(c) Should the Corporation terminate its agreement, it is committed to pay the sum of $4,657,000 by virtue of a three year contract beginning April 1, 1984 for the control and distribution of tickets.

SUMMARY PAGE

CANAGREX

MANDATE:

To promote, facilitate and, when specifically requested, to engage in the export of agricultural and food products from Canada.

BACKGROUND:

Incorporated in 1983, Canagrex began operations in 1984. The corporation will be dissolved in 1985 and its operations transferred to other government departments and agencies.

CORPORATION DATA:

HEAD OFFICE:	234 Laurier Avenue, West Ottawa, Ontario, K1P 5W6
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Wise, P.C., M.P.
DEPARTMENT:	Agriculture
DATE AND MEANS OF INCORPORATION:	The *Canagrex Act* (SC 1980-81-82-83 c.152).
CHIEF EXECUTIVE OFFICER:	A. Edwin Story
CHAIRMAN:	Glenn Flatten
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY:

The corporation received \$0.7 million budgetary funding in 1983-84 and a further \$5.4 million in 1984-85. Negotiations to terminate its commitments to other parties and settle outstanding obligations are now underway.

CANAGREX

AUDITOR'S REPORT

THE HONOURABLE JOHN WISE, P.C., M.P.
MINISTER OF AGRICULTURE

I have examined the balance sheet of Canagrex as at March 31, 1984 and the statements of operations and surplus, and changes in financial position for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of Canagrex as at March 31, 1984 and the results of its operations and the changes in its financial position for the three months then ended in accordance with generally accepted accounting principles consistently applied.

I further report that, in my opinion, proper books of account have been kept by Canagrex, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 7, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984 $	LIABILITIES	1984 $
Current		Current	
Cash	282,514	Accounts payable and accrued liabilities	144,635
Prepaid expenses	5,282	EQUITY OF CANADA	
	287,796	Surplus	189,166
Fixed assets (Note 3)	46,005		
	333,801		333,801

Approved:

GLENN FLATEN
Chairman of the Board

A. E. STOREY
President and Chief Executive Officer

CANAGREX—*Concluded*

STATEMENT OF OPERATIONS AND SURPLUS FOR THE THREE MONTHS ENDING MARCH 31, 1984

	1984
	$
Revenue	
Interest income	14,219
Expenses	
Salaries and employee benefits	146,468
Transportation and communications	49,588
Information	26,072
Professional and special services	172,566
Directors' fees and expenses	19,376
Rentals	43,981
Utilities, materials and supplies	30,810
Other	36,192
	525,053
Cost of operations	510,834
Parliamentary appropriation	700,000
Excess of parliamentary appropriation over cost of operations	189,166
Surplus, beginning of the period	
Surplus, end of the period	189,166

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE THREE MONTHS ENDING MARCH 31, 1984

	1984
	$
Funds provided	
Operations	
Excess of parliamentary appropriation over cost of operations	189,166
Item not involving funds	
Depreciation	11,502
	200,668
Funds applied	
Purchase of fixed assets	57,507
Increase in working capital	143,161
Working capital, beginning of period	
Working capital, end of period	143,161
Working capital represented by	
Current assets	287,796
Current liabilities	144,635
	143,161

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. The Corporation

The Corporation was established in June 1983 under the CANAGREX Act and commenced operations in January 1984.

The purpose of CANAGREX is to assist Canadian producers and processors to increase their exports of food and agricultural products. The Corporation works with the private and public sectors to promote, facilitate and engage in the export of agricultural products and services and food products and services.

During this initial period the Corporation has been involved in organization and evaluation of proposals.

2. Significant accounting policies

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized using the straight-line method over the period of the lease with no allowance being made for any optional lease extension. Furniture and fixtures are depreciated using the diminishing balance method at an annual rate of 20%. Depreciation is provided for a full year on assets acquired in the year.

Pension plan

The Corporation's employees participate in the Public Service Superannuation Plan. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.

3. Fixed Assets

	$
Office furniture and equipment	57,507
Less accumulated depreciation	11,502
	46,005

4. Lease commitment

On May 9, 1984 the Corporation signed a letter of intent to enter into a lease of office space for a period of five years requiring annual payments of at least $295,000.

SUMMARY PAGE

CAPE BRETON DEVELOPMENT CORPORATION

MANDATE:

To promote and assist the financing and development of industry, to provide employment on Cape Breton Island, and to operate the Cape Breton coal mines.

BACKGROUND:

Originally established in 1967 to close down the Island's coal mining industry with minimum dislocation, the mandate of the corporation's Coal Division has now become more commercially oriented and the division now has approximately 3,470 employees. It has opened two new coals mines, Prince and Lingan-Harbour, and is presently developing a third mine, Linghan-Phalen. Virtually all of its current coal production is sold to the Nova Scotia Power Corporation. The corporation's Industrial Development Division employs about 150 people in its enterprises and is empowered under the *Cape Breton Development Corporation Act* to provide loans and investments for tourist accommodations, agricultural development and manufacturing enterprises. This corporation is the principal employer in some Island communities and provides about eight percent of all employment on Cape Breton.

CORPORATION DATA:

HEAD OFFICE:	500 Kings Road P.O. Box 1330 Sydney, Nova Scotia B1P 6K3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Sinclair Stevens, P.C., Q.C., M.P.
DEPARTMENT:	Regional Industrial Expansion
MEANS OF INCORPORATION:	*Cape Breton Development Corporation Act* (RSC 70, Chap. C-13).
CHIEF EXECUTIVE OFFICER:	Derek Rance
CHAIRMAN:	Joseph Shannon
AUDITOR:	Touche, Ross and Co.

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	360	324	302
Obligations to the private sector	nil	nil	nil
Obligations to Canada	11	nil	nil
Equity of Canada	306	290	272
Cash from Canada in the period			
— budgetary	110	96	133
— non-budgetary	11	nil	nil

CAPE BRETON DEVELOPMENT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE
THE MINISTER OF REGIONAL AND
INDUSTRIAL EXPANSION

We have examined the balance sheet and the statement of equity of the Coal Division and of the Industrial Development Division of the Cape Breton Development Corporation as at March 31, 1984, and the related income and operating statements and the statements of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

The financial statements of the Industrial Development Division and of its subsidiaries have been presented on a consolidated basis. As required by the provisions of the Cape Breton Development Corporation Act, the financial statements of the Coal Division and of the Industrial Development Division are being presented separately.

In our opinion, these financial statements present fairly the financial position of the Coal Division and of the Industrial Development Division of the Cape Breton Development Corporation as at March 31, 1984, and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Also, in our opinion, proper books of accounts have been kept and the transactions that have come to our notice have been within the power of the Corporation.

TOUCHE ROSS & CO.
Chartered Accountants

Sydney, Nova Scotia
May 11, 1984

COAL DIVISION

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	6,723,286	9,673,661
Accounts receivable (Note 2)	16,435,319	16,887,440
Inventories, at the lower of cost and net realizable value		
Coal	33,685,093	21,517,961
Operating materials and supplies	14,090,809	14,616,152
Prepaid expenses	136,066	61,877
	71,070,573	62,757,091
Fixed (Notes 3 and 8)	267,643,815	238,482,986
	338,714,388	301,240,077

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable—Trade	14,736,544	12,540,735
Accrued wages and vacation pay	12,613,194	13,558,847
Accrued charges	9,980,000	1,540,000
Employees' deductions	4,340,476	5,156,357
Advances—Government of Canada	11,368,288	
	53,038,502	32,795,939
EQUITY		
Equity of Canada		
Per statement attached	285,675,886	268,444,138
	338,714,388	301,240,077

Commitments (Note 4)

On behalf of the Board:

DONALD MacINNIS
Director

JOHN F. BURKE
Director

COAL DIVISION

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of year	268,444,138	253,295,440
Add: payments by Canada in respect of mining losses—Vote 20, 20b (Note 1a)	83,325,270	14,105,383
payments by Canada in respect of capital expenditures—Vote 25 (Note 1a)	16,098,442	71,146,000
	367,867,850	338,546,823
Deduct: mining losses	49,622,754	46,518,516
depreciation of fixed assets (Note 1c)	32,569,210	23,584,169
	82,191,964	70,102,685
Balance at end of year	285,675,886	268,444,138

COAL DIVISION

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Revenue		
Coal sales	144,317,578	171,777,160
Less: external selling expense	7,701,107	4,926,582
	136,616,471	166,850,578
Outside railway revenue	2,578,511	3,210,100
Operating revenue	139,194,982	170,060,678
Operating expenses		
Wages and salaries	91,476,184	91,997,195
Holidays and vacations	12,588,000	13,049,000
Worker's Compensation	14,356,000	13,085,000
Surcharges	9,344,484	8,571,513
Materials and supplies	22,207,328	23,540,468*
Repair materials	12,025,613	14,630,008*
Electric power	7,336,384	5,641,703
Grants in lieu of taxes	3,012,188	2,598,218
Royalties	770,798	689,716
Hired heavy equipment	3,561,618	3,489,144
Other expenses	3,325,426	3,869,767
Purchased coal	5,689,791	6,948,696
Depreciation	32,569,210	23,584,169
Decrease (increase) in coal inventory	(12,167,132)	9,353,290
Total operating expenses	206,095,892	221,047,887*
Excess operating expenses over operating revenue	66,900,910	50,987,209*
Pensions	11,956,677	17,455,821
Pre-retirement leave	4,338,827	4,507,050
Interest and other income	(1,004,450)	(2,847,395)
	82,191,964	70,102,685
Deduct: depreciation not deductible in determining mining losses (Note 1c)	32,569,210	23,584,169
Net mining losses for the year	49,622,754	46,518,516

*Restated

COAL DIVISION

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Funds provided from		
Payments by Canada		
In respect of mining losses Vote 20, 20b (Note 1a)	83,325,270	14,105,383
In respect of capital expenditures Vote 25 (Note 1a)	16,098,442	71,146,000
Proceeds from disposal of fixed assets	209,336	53,704
	99,633,048	85,305,087
Funds used for		
Net mining losses	49,622,754	46,518,516
Expenditures on fixed assets	61,939,375	82,385,372
	111,562,129	128,903,888
Decrease in working capital	11,929,081	43,598,801
Working capital at beginning of year	29,961,152	73,559,953
Working capital at end of year	18,032,071	29,961,152

COAL DIVISION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1984

1. Significant Accounting Policies

(a) Financing

The Corporation is financed by way of votes of the Parliament of Canada. These votes are for the purpose of funding mining losses and to finance capital projects.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

(c) Fixed Assets

Fixed assets are valued at cost. The Corporation has provided depreciation on its fixed assets based on their estimated useful lives. The Treasury Board of Canada has indicated that depreciation should not be provided in determining mining losses for Parliamentary appropriation. Accordingly, the depreciation provision has been eliminated in arriving at this amount.

2. Accounts Receivable

	1984	1983
	$	$
Trade	16,397,313	16,205,262
Appropriation receivable		
Vote 25 capital expenditures		698,000
Employees	101,747	84,178
	16,499,060	16,987,440
Less: allowance for doubtful accounts	63,741	100,000
	16,435,319	16,887,440

3. Fixed Assets

	1984	1983
	$	$
Lingan Mine	100,860,448	91,075,067
No. 26 Mine	63,147,916	58,159,728
Prince Mine	71,513,155	58,493,226
Donkin Mine	49,497,170	34,408,107
Coal Preparation Plant	45,659,934	42,713,858
Devco Railway	54,222,462	47,781,827
Other fixed assets	29,149,821	21,887,851
	414,050,906	354,519,664
Accumulated depreciation (Note 1)	146,407,091	116,036,678
	267,643,815	238,482,986

4. Commitments

Commitments on capital projects for ongoing mining operations include the following:

approximately $7,500,000 for underground mining equipment
approximately $9,300,000 for rolling stock
approximately $4,000,000 for other facilities

The cost of completing Phase II of the Donkin-Morien Project consisting of two tunnels, at present under construction, is expected to substantially exceed the approved funding of $55,000,000. The Corporation has requested approval for the additional funds required to complete the project.

The Corporation will evaluate the viability of the project before commencing Phase III taking into consideration the quality of coal available and the problems of obtaining adequate financing for the substantial costs involved in the underground development of the mine.

5. Contingent Gain

The Corporation has under negotiation a claim against the contractor in connection with the construction of the Victoria Junction Coal Preparation facility.

The claim being made by the Corporation has been rebutted by the other party involved and may become the subject of litigation.

It is not possible, at this time, to determine the eventual outcome of this dispute or to quantify the amount, if any, which the Corporation may receive. For this reason, no amount in respect of this claim has been recorded in the books of the Corporation or reflected in these financial statements.

6. Long Term Sales Agreement

The Corporation has signed an agreement with the Nova Scotia Power Corporation which calls for the delivery of a substantial portion of the Corporation's coal production to the Power Corporation. The agreement expires in the year 2011.

7. Pensions

An actuarial valuation of the Corporation's Non-Contributory Pension Plan as at December 31, 1982 indicated an unfunded actuarial liability of $59,800,000. No provision for these liabilities was included in the accounts as at March 31, 1984. The minimum annual amount required, for past and current service, including pension payments, will be approximately $9,400,000 in each year from 1984 to 1988 and $3,700,000 from 1989 and 1997.

Current pension payments are approximately $8,300,000 and the balance will be funded by the Corporation in each year.

8. Subsequent Event

On April 5, 1984 a fire occurred at No. 26 Colliery, resulting in the sealing off of the mine. No estimates can be made at this time of the future viability of that operation or of the value of assets destroyed.

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

INDUSTRIAL DEVELOPMENT DIVISION

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	1,341,882	811,723
Accounts and interest receivable	615,463	704,199
Receivable from Province of Nova Scotia	15,298	24,719
Receivable from Government of Canada	970,000	2,035,000
Inventories (Note 2d)	824,401	915,420
Prepaid expense	27,554	90,906
	3,794,598	4,581,967
Loans and investments		
Loans	1,771,555	2,455,289
Investments	22,563	4,563
	1,794,118	2,459,852
Fixed (Notes 2b and 3)	15,653,726	15,264,779
Other		
Deferred charges	1,709	3,298
	21,244,151	22,309,896

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable	770,454	732,611
Long term debt	26,599	26,830
EQUITY		
Equity (Note 1)	20,447,098	21,550,455
	21,244,151	22,309,896

Guarantees (Note 4)
Commitments (Note 5)

On behalf of the Board:

DONALD MACINNIS
Director

JOHN F. BURKE
Director

INDUSTRIAL DEVELOPMENT DIVISION

CONSOLIDATED STATEMENT OF EQUITY AS AT MARCH 31, 1984

	1984	1983
	$	$
Equity at beginning of year	21,550,455	18,664,187
Payments during year from Government of Canada—Vote 30, 30(a) and 30(b) (Note 1)	10,770,000	11,105,000
	32,320,455	29,769,187
Deduct: net operating expenses	11,873,357	8,218,732
Equity at end of year	20,447,098	21,550,455

INDUSTRIAL DEVELOPMENT DIVISION

CONSOLIDATED OPERATING STATEMENT FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Development and operating expenses		
Special recovery projects	3,430,000	
Industrial operations and assistance	1,774,604	2,280,295*
Tourist operations and grants	1,535,886	1,301,130*
New business development assistance	1,284,363	1,292,506
Marine farming operations	1,133,647	1,171,053
Real estate operating costs	763,018	681,899
Community planning and projects	747,729	606,216
Primary production operations	244,170	228,332
Scholarships and apprentice programs	96,960	102,564
Loss on disposal of fixed assets	176,148	288,575
	11,186,525	7,952,570
Administration expenses		
Salaries	1,661,566	1,745,449
Office and miscellaneous expenses	482,715	680,397
Professional fees	92,297	123,911
Travelling expenses	139,949	123,009
	2,376,527	2,672,766
Depreciation and amortization	1,467,057	1,391,913
Provision for unrecoverable loans and receivables	1,085,607	387,841
	2,552,664	1,779,754
Total operating expenses for the year	16,115,716	12,405,090
Revenue		
Tourist operations	1,239,212	1,166,093*
Real estate rentals	1,124,689	1,031,381
Industrial operations	803,252	925,647*
Interest	646,324	556,806
Marine farming operations	386,440	434,467
Primary industry operations	42,442	71,964
	4,242,359	4,186,358
Net operating expenses	11,873,357	8,218,732

* Restated

INDUSTRIAL DEVELOPMENT DIVISION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Funds provided by		
Payment from Government of Canada	10,770,000	11,105,000
Repayment and reduction of loans	608,311	524,363
Proceeds on sale of fixed assets	168,907	334,784
	11,547,218	11,964,147
Funds used for		
Net operating expenses	11,873,357	8,218,732
Less: items not requiring an outlay of funds		
depreciation and amortization	1,467,057	1,391,913
provision for doubtful loans and investments	735,985	387,841
forgiveable portion of loans transferred to grants	82,886	(42,374)
loss on sale of fixed assets	176,148	288,575
reduction in deferred charges	1,589	14,504
loss on write-off of investments		122,907
	9,409,692	6,055,366
Loans	743,449	654,922
Purchase of fixed assets		
Rental facilities	89,661	127,577
Tourist facilities	1,105,953	545,005
Primary industry facilities	324,681	888,065
Secondary industry facilities	680,763	1,845,109
Purchase of investments	18,000	494
Decrease in long term debt	231	2,279
	12,372,430	10,118,817
Increase (decrease) in working capital	(825,212)	1,845,330
Working capital at beginning of year	3,849,356	2,004,026
Working capital at end of year	3,024,144	3,849,356

CAPE BRETON DEVELOPMENT CORPORATION—*Concluded*

INDUSTRIAL DEVELOPMENT DIVISION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1984

1. General Policy

The objects of the Industrial Development Division are to promote and assist the financing and development of industry to provide employment on the Island of Cape Breton. In accomplishing these aims, the Corporation makes loans and investments, the amounts of which are often in excess of those which would be available through normal commercial sources. The Corporation also makes grants to assist enterprises which are considered likely to make a substantial improvement to the development of Cape Breton Island.

The Industrial Development Division is financed by way of Vote of the Parliament of Canada. Parliament voted $10,770,000 for this purpose during the fiscal year ended March 31, 1984.

2. Significant Accounting Policies

(a) Basis of Consolidation

The financial statements of the Industrial Development Division include the results of the Division and all its subsidiaries as explained below. The subsidiaries are as follows:

	Corporation Interest	Company Year End
Darr (Cape Breton) Limited (Real Estate)	100%	December 31
Cape Breton Marine Farming Limited (Fish and Oyster Farming)	100%	March 31
Whale Cove Summer Village Limited (Tourist Accommodations)	62.5%	March 31
Dundee Estates Limited (Tourist Accommodations)	100%	March 31
Cape Breton Woolen Mills Limited (Carding and Spinning)	53.3%	March 31

As the financial statements of Whale Cove Summer Village Limited and Cape Breton Woolen Mills Limited showed deficit equity positions as at March 31, 1984, and the minority interest in losses to date have been absorbed against the total of the minority invested capital, the losses of these companies for the respective years are included in the consolidated net loss. As a consequence, no minority interest is shown in the balance sheet for these subsidiaries.

(b) Fixed Assets

Fixed assets are recorded at cost. The cost and related depreciation of items retired or disposed of are removed from the books and any gains or losses are included in the consolidated operating statement. Depreciation is provided on the straight-line method using rates based on the estimated useful lives of the assets generally as follows:

Buildings	Up to 20 years
Equipment	4 to 10 years
Vehicles	3 to 4 years

(c) Accounting Policy—Certain Subsidiaries

The statements of Dundee Estates Limited and of Cape Breton Marine Farming Limited both include notes indicating that their statements have been prepared on the assumption that the companies can continue to operate as going concerns, which assumption depends on the continued financial support of Cape Breton Development Corporation.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value, with cost determined on a first in, first out basis.

3. Fixed Assets

	1984	1983
	$	$
Rental facilities	6,021,589	6,109,387
Tourist facilities	8,301,117	7,542,337
Primary industry facilities	3,291,509	3,175,309
Secondary industry facilities	6,540,194	6,012,431
	24,154,409	22,839,464
Less: accumulated depreciation	8,500,683	7,574,685
	15,653,726	15,264,779

The four categories of fixed assets shown above each include land, buildings and equipment.

4. Guarantees

During the 1976 year, the Corporation guaranteed the repayment by Sydney Steel Corporation of that company's $70,000,000—11 ¼% Series D Debentures and the repayment of interest thereon. These funds were borrowed by Sydney Steel Corporation for the purpose of financing its plant rehabilitation program. The balance of the outstanding debentures has since been reduced to $49,560,000.

The Corporation in 1971 guaranteed the repayment of bank advances to Stora Kopparbergs Bergslags Aktiebolag. This guarantee originally amounted to $30,000,000. The balance of advances has since been reduced to $12,300,000 of which $2,000,000 is in U.S. dollars.

The Corporation made the guarantees for and on behalf of Her Majesty the Queen in right of Canada; therefore, any amounts required to be paid shall be paid out of the Consolidated Revenue Fund of Canada and not out of funds of Cape Breton Development Corporation.

5. Commitments

As at March 31, 1984, the Industrial Development Division of the Corporation was committed to expenditures and loans totalling approximately $2,400,000 over and above the amounts included in the financial statements at that time.

SUMMARY PAGE

DEFENCE CONSTRUCTION (1951) LIMITED

MANDATE:

To contract for and supervise major military construction and maintenance projects required by the Department of National Defence; to provide technical and administrative assistance concerning construction matters to government departments and agencies on a cost-recovery basis.

BACKGROUND:

The corporation has been in operation since 1951.

CORPORATION DATA:

HEAD OFFICE:	S.B.I. Building Billings Bridge Plaza 2323 Riverside Drive Ottawa, Ontario K1A 0K3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Erik Nielsen, P.C., Q.C., M.P.
DEPARTMENT:	National Defence
MEANS OF INCORPORATION:	Pursuant to the *Defence Production Act* (RSC 70 Chapter D-2); Continued under the *Canada Corporations Act,* 78/11/21.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	John R.L. Atchison
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	1.0	1.2	0.9
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	0.4	0.2
Equity of Canada	(3.2)	(3.0)	(3.0)
Cash from Canada in the period			
— budgetary	12.9	11.4	10.2
— non-budgetary	nil	nil	nil

DEFENCE CONSTRUCTION (1951) LIMITED

AUDITOR'S REPORT

THE HONOURABLE JEAN-JACQUES BLAIS, P.C., M.P.
MINISTER OF NATIONAL DEFENCE

I have examined the balance sheet of Defence Construction (1951) Limited as at March 31, 1984 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Company, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	754,876	1,002,678
Accounts receivable from government departments and agencies	79,554	20,435
Other	21,675	29,061
	856,105	1,052,174
Fixed, at cost		
Furniture and equipment	640,306	580,992
Less: accumulated depreciation	459,897	387,542
	180,409	193,450
	1,036,514	1,245,624

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable and accrued liabilities	738,125	529,663
Due to Canada		360,364
Contractors' security deposits (Note 3)	117,950	162,117
Current portion of provision for employee benefits	578,462	539,412
	1,434,537	1,591,556
Provision for employee benefits (Note 4)	2,844,162	2,606,288
	4,278,699	4,197,844
CAPITAL STOCK AND DEFICIT		
Capital stock		
Authorized—1,000 shares of no par value		
Issued—31 shares fully paid	31	31
Deficit (Note 5)	(3,242,216)	(2,952,251)
	(3,242,185)	(2,952,220)
	1,036,514	1,245,624

Approved by the Board:

A. G. BLAND
Director

J. R. KILLICK
Director

STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Expenses		
Salaries	10,196,573	9,107,401
Employee benefits	1,083,033	792,936
Travel and removal	763,541	581,452
Office accommodation	343,418	235,838
Telephone	304,633	279,047
Advertising	239,508	227,490
Office supplies and maintenance	201,036	168,904
Postage, express and freight	175,692	118,211
Professional services	106,323	67,338
Depreciation	80,101	73,462
Rental of machinery	66,397	66,601
Other	27,571	23,825
	13,587,826	11,742,505
Recoveries of expenses (Note 6)	400,209	340,579
Cost of operations	13,187,617	11,401,926
Parliamentary appropriations (Note 2)	12,897,652	11,389,636
Excess of cost of operations over parliamentary appropriations	289,965	12,290
Deficit at beginning of the year	2,952,251	2,939,961
Deficit at end of the year	3,242,216	2,952,251

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Parliamentary appropriations	12,897,652	11,389,636
Use of funds		
Cost of operations	13,187,617	11,401,926
Less: items not requiring an outlay of funds		
depreciation	80,101	73,462
provision for employee benefits	421,108	318,335
	12,686,408	11,010,129
Employee benefits paid	183,234	335,309
Purchase of fixed assets	67,060	60,060
	12,936,702	11,405,498
Increase in working capital deficiency	39,050	15,862
Working capital deficiency at beginning of the year	539,382	523,520
Working capital deficiency at end of the year	578,432	539,382

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority, objectives and operations

The Company was incorporated under the Canada Corporations Act in 1951 and is continued under the Canada Business Corporations Act, pursuant to the authority of the Defence Production Act, to contract for major military construction and maintenance projects required by the Department of National Defence. The Company is an agency Crown corporation named in Schedule C to the Financial Administration Act. The Company is not subject to income taxes.

The Company's principal functions in the field of construction management are to obtain tenders, make recommendations regarding proposed awards and to award and administer contracts. As an integral part of its responsibility for contract administration, the Company inspects the work to ensure completion in accordance with the contract and certifies contractors' progress claims for payment from funds of the Department of National Defence. It also engages architectural and engineering firms to prepare plans and specifications in accordance with the requirements of the Department of National Defence. It may provide technical and administrative assistance on construction matters to other government departments when required.

2. Significant accounting policies

Expenses

The accounts of the Company reflect only the administrative expenses incurred in procuring the construction and maintenance of defence projects on behalf of the Department of National Defence and in procuring the construction of such other projects as are approved by Treasury Board.

Depreciation

Depreciation is provided by the straight-line method over five years.

Employee Benefits

Employee benefits are expensed when earned by employees.

Pensions

During the year, the Company made payments of $530,674 ($480,723—1983) in respect of current contributions to the Public Service Superannuation Account of the Government of Canada. The Account is actuarially valued every five years. The Company's contributions and recorded liabilities are limited to the matching of the current and certain arrears contributions of employees. The Company is not required to make contributions with respect to actuarial deficiencies of the Account.

Parliamentary appropriations

The cost of operations is funded by parliamentary appropriations through the Department of National Defence Vote 15 to the extent of net annual cash requirements.

3. Contractors' security deposits

	1984	1983
	$	$
Bid deposits	41,550	64,892
Deposits on plans and specifications	76,400	97,225
	117,950	162,117

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

4. Provision for employee benefits

	1984	1983
	$	$
Termination benefits	2,588,800	2,367,298
Life insurance	97,303	91,880
Furlough benefits	158,059	147,110
	2,844,162	2,606,288

5. Deficit

The deficit of the Company is comprised primarily of the liabilities for employee benefits which will require funding from parliamentary appropriations in future years as they are paid.

6. Recoveries of expenses

The Company provides certain technical and administrative assistance to the Department of National Defence and other government departments and agencies on a cost-recovery basis. As at March 31, 1984 accounts receivable for recoveries were $66,364 (1983—$20,435).

7. Supplementary information

The Company's contracting activity on behalf of government departments and agencies is summarized below:

	1984	1983
	(in thousands of dollars)	
Contracts in progress at beginning of the year	287,352	290,192
Contracts awarded	175,118	139,764
	462,470	429,956
Contracts completed	135,448	142,604
Contracts in progress at end of the year	327,022	287,352
Payments on contracts in progress at end of the year	244,055	224,476
Work outstanding on contracts in progress at end of the year	82,967	62,876

SUMMARY PAGE

EXPORT DEVELOPMENT CORPORATION

MANDATE:

To facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities.

BACKGROUND:

Funding from Canada for Corporate Account transactions is provided by loans and equity infusions. The growth of the corporation's business in recent years has been financed mainly by its borrowing in the private markets. Apart from its corporate activities, EDC administers for Canada certain export financing transactions considered to be in the national interest for Canada including those made pursuant to section 31 of the EDC Act.

CORPORATION DATA:

HEAD OFFICE:	151 O'Connor Street 14th Floor P.O. Box 655 Ottawa, Ontario K1P 5T9
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Right Honourable Joe Clark, P.C., M.P.
DEPARTMENT:	External Affairs
DATE AND MEANS OF INCORPORATION:	Established in 1969 by the *Export Development Act* (RSC 70, Chap. E-18).
CHIEF EXECUTIVE OFFICER: AND CHAIRMAN:	Sylvain Cloutier
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

CORPORATE ACCOUNT:	1984*	1983	1982	1981
At the end of the year:				
Total Assets	6,611	6,063	5,282	4,270
Obligations to the private sector	5,113	4,511	3,844	2,973
Obligations to Canada	258	376	448	529
Equity of Canada	855	769	651	535
Cash from Canada in the year				
— budgetary	nil	nil	nil	nil
— non-budgetary	79	116	115	40
CANADA ACCOUNT:				
At the year-end:				
Funded by Canada;				
Cumulative	1,061	900	753	686

* Subsequent to the Report period.

EXPORT DEVELOPMENT CORPORATION

AUDITOR'S REPORT

THE HONOURABLE ALLAN J. MACEACHEN, P.C., M.P.
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have examined the balance sheet of Export Development Corporation as at December 31, 1983 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 24, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Loans receivable (Note 3)		
Principal	5,141,041	4,701,433
Less: participation by other lenders	90,304	142,927
	5,050,737	4,558,506
Accrued interest and fees	188,496	132,024
	5,239,233	4,690,530
Less: allowance for losses on loans	62,342	53,032
	5,176,891	4,637,498
Investments		
Cash and short-term deposits	814,360	578,253
Canada bonds at amortized cost (market value: 1983—$ 9,381 1982—$25,739)	10,053	26,197
Accrued interest	7,782	10,610
	832,195	615,060
Other assets		
Unamortized debt discount and issue expenses	24,246	21,569
Other	29,691	7,870
	53,937	29,439
	6,063,023	5,281,997

LIABILITIES	1983	1982
Loans payable		
Short-term	1,238,748	958,873
Long-term (Note 4)	3,648,599	3,333,297
Accrued interest	174,139	156,856
	5,061,486	4,449,026
Other liabilities and deferred credits		
Accounts payable	82,503	59,390
Deferred revenues	120,479	97,398
Allowance for claims on insurance and guarantees	20,356	16,025
Other	9,136	9,071
	232,474	181,884
SHAREHOLDER'S EQUITY		
Capital (Note 5)	581,000	465,000
Retained earnings	188,063	186,087
	769,063	651,087
	6,063,023	5,281,997

Commitments and contingent liabilities (Note 6)

Approved by the Board of Directors:

SYLVAIN CLOUTIER
Chairman of the Board and President

B. A. CULHAM
Senior Vice-President, Finance

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Loans and guarantees		
Interest earned	462,150	404,300
Fees earned	15,264	15,885
Investment interest earned	70,032	60,437
	547,446	480,622
Interest expense		
Long-term	423,932	342,638
Other	93,422	115,600
Provision for losses on loans	9,671	6,332
	527,025	464,570
	20,421	16,052
Insurance and guarantees		
Premiums and fees earned	17,897	14,676
Investment interest earned	2,726	2,830
	20,623	17,506
Provision for claims	8,823	6,971
	11,800	10,535
Income from operations	32,221	26,587
Administrative expenses	30,245	25,520
Net income	1,976	1,067
Retained earnings		
Beginning of year	186,087	185,020
End of year	188,063	186,087

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Funds provided		
Increase in deferred revenues	53,609	63,263
Loans receivable repaid	486,257	397,187
Participation by other lenders	49	5,107
Canada bonds sold and matured	16,444	
Long-term loans payable	735,902	787,844
Capital stock issued	116,000	115,000
Total funds provided	1,408,261	1,368,401
Funds employed		
Net income	(1,976)	(1,067)
Items not affecting funds		
Provisions for claims and losses on loans	(18,494)	(13,303)
Decrease in deferred revenues	30,528	24,559
Increase in accrued interest receivable	52,549	27,536
Increase in accrued interest payable	(15,842)	(14,945)
Other	(8,023)	(34,930)
To operations	38,742	(12,150)
Increase in loans receivable	890,897	1,159,176
Participation by other lenders repaid	53,900	70,422
Canada loans repaid	71,985	82,266
Long-term loans payable repaid	372,874	229,660
Claims paid, net of recoveries	23,631	6,940
Total funds employed	1,452,029	1,536,314
Decrease in funds	43,768	167,913
Represented by		
Increase in short-term loans payable	279,875	250,868
Less: increase in cash and short-term deposits	236,107	82,955
	43,768	167,913

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1983

1. Export Development Corporation

Export Development Corporation is a Crown corporation wholly owned by Canada and is an Agent of Her Majesty in right of Canada. The Corporation was established on October 1, 1969, by the Export Development Act (The Act), a statute of the Parliament of Canada, as the successor to the Export Credits Insurance Corporation which commenced operations in 1944.

The Corporation was established for the purposes of facilitating and developing trade between Canada and other countries by means of broad powers, including the power to borrow, to lend and to guarantee loans, to enter into export and foreign investment insurance contracts and to issue guarantees in respect of export transactions.

The Corporation is not subject to the requirements of the Income Tax Act with respect to its earnings.

Loan, insurance and guarantee contracts are normally entered into under the authority of the Board of Directors. Contracts which, in the opinion of the Board of Directors, involve risks for a term or an amount in excess of that which the Corporation would normally undertake, may be entered into under the authority of the Governor in Council where the Minister considers them to be in the national interest. As described in Note 11, the Board of Directors is not accountable for such contracts, its obligation in relation thereto being limited to ensuring that they are administered in a sound manner. Funds required for such contracts are paid to the Corporation by Canada, and funds recovered are remitted to Canada, net of amounts withheld to cover related administrative expenses. Accounts administered for Canada are not reflected in the Corporation's financial statements.

On October 19, 1983, an Act to amend the Export Development Act received Royal Assent. The major amendments increased the statutory limits of the Corporation with respect to authorized capital, maximum borrowing limits, contingent liabilities and outstanding loans and undisbursed commitments. Details of the amendments affecting these financial statements are shown in the appropriate notes.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with accounting principles generally accepted in Canada, consistently applied, and conform in all material respects with International Accounting Standards. A summary of significant accounting policies follows:

Loan interest earned

Interest is accrued on principal receivable until such time as the Corporation accelerates all payments falling due under a loan agreement or when, in the opinion of management, there is significant doubt as to its collectibility or the loan becomes non-current. Non-current is defined as any rescheduled loan where a significant payment has not been received for one year.

Finance and service charges, which are paid by exporters, are taken into interest earned over the disbursement and repayment periods of a loan.

Loan fees earned

Administration fees are taken into income as earned over the disbursement and repayment periods of a loan, and standby fees are taken into income over the disbursement period.

Exposure fees, which are paid by exporters, are taken into income over the disbursement and repayment periods of a loan.

Investment interest earned

Investment interest earned is prorated between loans and guarantees and insurance and guarantees on the basis of average funds invested.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

Interest expense

Interest expense includes the amortization of debt discount and issue expenses, which is charged over the life of the debt on a straight-line basis.

Allowance for losses on loans receivable

The allowance for losses on loans is based on a review of collectibility of all outstanding loans to sovereign and commercial borrowers. In respect of this review, the Corporation recognizes that the future economic and political conditions in some of the countries where the Corporation has made loans are subject to varying degrees of uncertainties and pressures. Accordingly, delays in the repayment of principal and interest may well occur from time to time.

In the case of loans made to or guaranteed by sovereign borrowers, that is the governments of countries or their agencies, payment delays are not necessarily indicative of a future loss requiring an allowance. Sovereign entities and their international financial obligations do not have commercial mortality, and the international system does not allow the unilateral denial of a sovereign obligation. Furthermore, the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors. Therefore, except in the rare instance of a write-off of asset value agreed to by creditors, the ultimate collectibility of a sovereign obligation, and thus its asset value, is not, in the opinion of management, subject to question although delays may have to be accepted.

It is the policy of the Corporation to set aside from income, in addition to any specific provisions made as a result of the review of the outstanding loans, an amount sufficient to maintain an accumulated non-specific allowance proportionate to the total loan principal and interest receivable for which no specific provision has been made.

Insurance premiums

For global export insurance policies, premiums are taken into income at the commencement of coverage. Premiums on other export insurance policies are taken into income using methods which generally reflect the exposures over the terms of the policies. Foreign investment insurance premiums are taken into income evenly over the terms of coverage, except that the premium in the first year is taken into income in its entirety when received.

Allowance for claims on insurance and guarantees

The Corporation provides for claims based on claims experience augmented, if necessary, by a specific provision based on a review of contingent liabilities. Claims payments are recorded at estimated recoverable values and included with other assets. Subsequent net gains or losses on recovery are credited or charged to the allowance.

Translation of foreign currency

The Corporation hedges its assets and liabilities denominated in foreign currencies on a total portfolio basis. Any net exposure to future changes in foreign exchange rates is due to short term timing differences in cash flows. It is the Corporation's policy to manage assets and liabilities denominated in foreign currencies in such a way as to minimize this net exposure. Accordingly, assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at year end. Income and expenses are translated at average monthly exchange rates in effect during the year. Gains and losses resulting from the translation of foreign currency balances and transactions are reported with investment interest earned.

3. Loans receivable

Loans receivable from both sovereign and commercial borrowers, net of participation by other lenders, are at interest rates established in competition with similar export credit agencies in other countries and are generally below commercial rates. These loans mature as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Overdue	79,939	40,995
1983		483,200
1984	571,419	542,543
1985	606,429	546,514
1986	597,504	520,538
1987	574,161	486,941
1988	580,920	474,963
1989 to 1993	1,738,283	1,289,636
1994 and thereafter	302,082	173,176
Total	5,050,737	4,558,506
Commercial loans included above	1,467,571	1,252,788
Overdue interest	61,011	25,794

The application of the Corporation's accounting policy for loan interest earned, as described in Note 2, has resulted in the non-recognition of $2,619 thousand (1982—$1,742 thousand) in loan interest earned for the year ended December 31, 1983.

In order to facilitate the collectibility of some loans or portions of loans, the Corporation has rescheduled principal and interest payments due in the current year in the following amounts:

	December 31	
	1983	1982
	(in thousands of dollars)	
During the year		
Sovereign—Principal	39,487	19,190
—Interest	18,331	8,834
	57,818	28,024
Balance of rescheduled loans outstanding		
Sovereign	205,515	160,820
Commercial	9,805	15,620
	215,320	176,440
Amounts overdue	5,764	3,509

4. Long-term loans payable

Long-term loans payable are as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Canada loans		
Interest rates from 5.50% to 9.25% (1982 — 5.50% to 9.50%)	376,353	448,105
Commercial loans		
Interest rates from 5.38% to 16.88% (1982 — 6.00% to 16.88%)	3,272,246	2,885,192
	3,648,599	3,333,297

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

These loans mature as follows:

	December 31 1983	December 31 1982
	(in thousands of dollars)	
1983		397,990
1984	733,687	771,574
1985	470,901	467,275
1986	427,828	424,834
1987	822,711	813,679
1988	1,047,971	419,840
1989 to 1993	145,501	38,105
Total	3,648,599	3,333,297

5. Capital

Under The Act, as amended, authorized capital has been increased to $1.5 billion (1982—$1 billion) divided into 15 million shares (1982—10 million shares) with a par value of $100 each. Also, the contributed capital of $25 million has been designated share capital and, accordingly, new shares have been issued. The number of shares issued and fully paid is as follows:

	December 31 1983	December 31 1982
	(in thousands of dollars)	
Beginning of year	4,400	3,250
Issued	1,410	1,150
End of year	5,810	4,400

6. Statutory limits, commitments and contingent liabilities

The Act, as amended, allows the Corporation to have outstanding loans and commitments to foreign borrowers up to a maximum of $15 billion (1982—$10 billion). The position against this limit is as follows:

	December 31 1983	December 31 1982
	(in thousands of dollars)	
Loans receivable, net of participation	5,050,737	4,558,506
Undisbursed commitments on signed loan agreements, net of participation without recourse, most of which were signed between December, 1975 and December, 1983 at face rates from 7.80% to 14.10% (1982—between December, 1975 and December, 1982 at face rates from 8.38% to 14.10%)	3,067,185	3,307,957
Participation by other lenders with recourse in loans receivable	5,424	20,853
Less: amounts not subject to statutory limit	86,990	133,596
	8,036,356	7,753,720
Contingent liabilities included above	5,424	20,853

It is anticipated that undisbursed commitments under signed loan agreements will be disbursed as delivery of goods and services or progress on projects is achieved, the average period of disbursement being typically three years. The Corporation expects to fund these commitments near the time of disbursement by issuing a combination of debt instruments in world capital markets at commercial rates of interest and capital stock, while generally attempting to match debt maturities and currencies with those of its average export loans. Owing to fluctuations in interest rates and other factors beyond its control, the Corporation is not always able to fund its undisbursed loan commitments at interest rates which would result in a profit.

The Act, as amended, also specifies that the Corporation can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $15 billion (1982—$10 billion). The position against this limit is as follows:

	December 31 1983	December 31 1982
	(in thousands of dollars)	
Insurance and related guarantees	2,262,129	1,747,972
Loan guarantees —Disbursed	180,827	180,063
—Undisbursed	5,676	
	2,448,632	1,928,035
Contingent liabilities included above	1,865,717	1,474,963

The Act, as amended, has also redefined the borrowing limit of the Corporation as an amount equal to ten times the aggregate of the paid-in capital of the Corporation from time to time and its retained earnings, if any, determined in accordance with the most recent audited financial statments. As at December 31, 1983, this formula produced a limit of $7,671 million, based upon capital at December 31, 1983 and retained earnings at December 31, 1982, against which borrowings amounted to $4,887 million.

7. Short-term deposits and loans payable

With respect to short-term deposits and loans payable, activity was as follows:

		December 31 1983	December 31 1982
		(in thousands of dollars)	
Short-term deposits	daily average	708,900	453,500
	high	1,077,300	781,500
	low	356,100	136,400
Short-term loans payable	daily average	1,004,800	866,300
	high	1,449,100	1,231,600
	low	636,000	510,500

The Corporation also had lines of credit and overdraft facilities aggregating $1,400 million at December 31, 1983 (1982 — $860 million).

8. Foreign currency balances

The Corporation has substantial assets and liabilities in US dollars. The Canadian dollar equivalent is as follows:

	December 31 1983	December 31 1982
	(in thousands of dollars)	
Assets	3,993,852	3,127,909
Liabilities	4,077,494	3,204,500
Net liabilities	83,642	76,591
Less: forward exchange contracts	48,770	32,843
Net exposure	34,872	43,748
Rate of exchange US $1.00	1.2444	1.2288

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

9. Related party transactions

Related party transactions with Canada are summarized as follows:

	Year ended December 31	
	1983	1982
	(in thousands of dollars)	
Income and expense items		
Interest expense	33,187	38,027
Less: administrative expenses recovered	2,834	2,757
interest earned	2,269	2,865
	28,084	32,405
Amounts due to (due from) Canada		
Canada bonds, bearing interest at rates from 9.50% to 9.75% (1982—8.00% to 9.75%) maturing 1984 through 1994	(10,053)	(26,197)
Accrued interest receivable	(226)	(484)
Accounts administered for Canada (Note 11)	28,395	12,705
Long-term loans payable	376,353	448,105
Accrued interest payable	10,958	12,765
Unused parliamentary appropriation	39,000	31,000
Other liabilities	9,136	14,071
	453,563	491,965

The Government of Canada, pursuant to annual Parliamentary appropriations, has provided the Corporation with funds to cover operating losses, if any. To date, no such funds have been required and the 1983 appropriation will be returned to the Consolidated Revenue Fund.

The Corporation also enters into transactions with other Crown Corporations in the normal course of business.

10. Segmented information

Loans and insurance are the Corporation's significant industrial segments.

Loans and guarantees and insurance and guarantees on the Statement of Income and Retained Earnings reflect income from operations of the two segments before deduction of administrative expenses.

The geographic distribution of outstanding loans, net of participation by other lenders, is as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Africa and Middle East	1,309,482	1,152,270
Asia and Pacific	725,960	642,813
Europe	1,246,583	1,246,848
Mexico and Central America	370,954	319,879
U.S.A. and Caribbean	628,678	609,092
South America	769,080	587,604
	5,050,737	4,558,506

The assets of the Corporation are predominantly identifiable with the loans and guarantees program.

Loan interest and fees earned outside Canada for the year ended December 31, 1983 was $461 million (1982—$407 million).

Insurance premiums and fees are earned in Canada.

11. Accounts administered for Canada

(a) Pursuant to The Act as amended, and as described in Note 1, the Corporation administers for Canada certain loans and insurance programs entered into under the authority of the Governor in Council for which the Board of Directors is not accountable other than as fiduciary agent for the administration of the contracts.

The summarized financial information set out below has been provided for purposes of accountability to Parliament and is consolidated annually, as at March 31, with the financial statements of the Government of Canada which are reported upon separately by the Auditor General of Canada. This financial information has been prepared in accordance with the accounting policies set out in Note 2, except that no allowance has been made for losses on loans receivable and, consistent with the stated accounting policies of the Government of Canada, no allowance has been made for claims on insurance and guarantees.

Loans receivable, which are recorded at amounts disbursed net of repayments, include some loans where the interest rates were significantly below commercial rates at the time the contract was entered into.

	December 31	
	1983	1982
	(in thousands of dollars)	
ASSETS		
Loans receivable (Note 11 (b))		
Principal	865,002	742,618
Less: participation by other lenders	30,185	31,452
	834,817	711,166
Accrued interest and fees	46,337	39,475
Other receivables	1,695	5,001
Due from the Corporation (Note 9)	28,395	12,705
	911,244	768,347
LIABILITIES		
Deferred revenues	10,915	15,342
NET ASSETS	900,329	753,005

These net assets were funded by Canada as follows:

	Year ended December 31	
	1983	1982
	(in thousands of dollars)	
Funds provided by Canada less repayments of principal and interest, net of participation	51,938	(24,153)
Loans interest, fees, insurance and guarantee premiums earned	81,130	71,651
Claims paid, net of recoveries	(3,456)	(140)
Administrative expenses	(2,834)	(2,757)
Increase in payables to Canada	20,546	22,566
	147,324	67,167
Net Assets Funded by Canada		
Beginning of year	753,005	685,838
End of year	900,329	753,005

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

(b) Canada account loans receivable

Loans receivable from both sovereign and commercial borrowers, net of participation by other lenders, mature as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Overdue	49,835	24,166
1983		51,912
1984	62,215	66,075
1985	68,359	64,272
1986	71,229	67,401
1987	70,103	69,593
1988	61,829	60,351
1989 to 1993	253,642	117,340
1994 and thereafter	197,605	190,056
Total	834,817	711,166
Commercial loans included above	78,743	84,810
Overdue interest	32,601	25,026

In order to facilitate the collectibility of some loans or portions of loans, agreements have been concluded with the approval of the Governor in Council to reschedule principal and interest payments due in the current year in the following amounts:

	December 31	
	1983	1982
	(in thousands of dollars)	
During the year		
Sovereign —Principal	5,481	14,817
—Interest	2,673	12,648
	8,154	27,465
Balance of rescheduled loans outstanding		
Sovereign	43,713	37,386
Amounts overdue	2,673	407

(c) Canada account statutory limits, commitments and contingent liabilities

The Act, as amended, allows the Accounts administered for Canada to have outstanding loans and commitments to foreign borrowers up to a maximum of $6 billion (1982—$2.5 billion). The position against this limit is as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Loans receivable, net of participation	834,817	711,166
Undisbursed commitments on signed loan agreements, net of participation without recourse	529,000	696,190
Participation by other lenders with recourse in loans receivable	30,185	31,452
Less: amounts not subject to statutory limit	3,109	4,145
	1,390,893	1,434,663
Contingent liabilities included above	30,185	31,452

The Act, as amended, also specifies that the Accounts administered for Canada can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $7 billion (1982—$3.5 billion). The position against this limit is as follows:

	December 31	
	1983	1982
	(in thousands of dollars)	
Insurance and related guarantees	417,418	449,250
Loan guarantees—Disbursed	6,831	11,013
	424,249	460,263
Contingent liabilities included above	360,461	403,588

SUMMARY PAGE

FARM CREDIT CORPORATION

MANDATE:

To assist Canadian farmers to establish and develop viable farm enterprises through the provision of long-term credit and other financial services.

BACKGROUND:

Since 1959, under the authority of the *Farm Credit Act* the corporation has made loans to farmers for the purchase of farm lands, for permanent farm improvements, for the purchase of livestock and machinery, and to refinance debt. Under the authority of the *Farm Syndicates Credit Act* the corporation may make loans to groups of farmers for the joint acquisition of agricultural facilities and equipment. The maximum loan for an individual farmer is $350,000 and for a syndicate is $100,000. As of March 31, 1984 the corporation had 80,100 loans outstanding. The corporation has a staff of some 600 employees stationed at headquarters, seven regional offices and 104 district and field offices.

CORPORATION DATA:

HEAD OFFICE:	P.O. Box 2314 Station D 434 Queen Street Ottawa, Ontario K1P 6J9
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Wise, P.C., M.P.
DEPARTMENT:	Agriculture
MEANS OF INCORPORATION:	Established in 1959 by the *Farm Credit Act*. Its predecessor was the Canadian Farm Loan Board, founded in 1929.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Eiliv H. Anderson
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	4,901	4,300	3,854
Obligations to the private sector	306	50	nil
Obligations to Canada	4,310	3,955	3,584
Equity of Canada	131	164	154
Cash from Canada in the period			
— budgetary	nil	nil	nil
— non-budgetary	642	558	503

FARM CREDIT CORPORATION

AUDITOR'S REPORT

THE HONOURABLE EUGENE FRANCIS WHELAN, P.C., M.P.
MINISTER OF AGRICULTURE

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1984 and the statements of operations and deficit, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 11, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Cash	40,828	29,232
Accounts receivable	396	229
Loans receivable (Note 3)	4,917,100	4,291,462
Less: allowance for doubtful accounts	86,650	34,670
	4,830,450	4,256,792
Real estate	14,301	7,632
Fixed assets	1,580	1,442
Unamortized debt issue expenses	13,667	1,480
Deferred income taxes		3,319
	4,901,222	4,300,126

LIABILITIES	1984	1983
Accounts payable and accrued liabilities	5,981	4,215
Short-term notes		5,000
Provision for employee termination benefits	2,495	2,308
Loans payable (Note 4)	4,761,863	4,124,906
	4,770,339	4,136,429
EQUITY OF CANADA		
Contributed capital (Note 5)	189,933	166,033
Deficit	(59,050)	(2,336)
	130,883	163,697
	4,901,222	4,300,126

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

EILIV H. ANDERSON
Chairman

PAUL BABEY
Vice-Chairman

W. G. MANN
Comptroller

STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Interest income		
Loans receivable	481,336	394,214
Investments	5,924	3,205
	487,260	397,419
Interest expenses		
Loans payable	441,508	362,977
Short-term notes	4,312	406
	445,820	363,383
Net interest income	41,440	34,036
Fees and other income	2,516	1,496
	43,956	35,532
Non-interest expenses		
Salaries and employee benefits	23,718	21,363
Office accommodation	2,273	2,051
Travel	2,509	2,135
Other	3,143	2,684
	31,643	28,233
Provision for doubtful accounts	65,708	31,758
	97,351	59,991
Loss before income taxes and extraordinary item	(53,395)	(24,459)
Deferred income taxes		11,251
Loss before extraordinary item	(53,395)	(13,208)
Write-off of deferred income taxes (Note 6)	(3,319)	
Net loss for the year	(56,714)	(13,208)
Retained earnings (deficit), beginning of year	(2,336)	10,872
Deficit, end of year	(59,050)	(2,336)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Funds provided		
Loans from Canada	618,300	535,300
Less: loans repaid	263,966	164,037
	354,334	371,263
Loans from the capital markets	255,599	50,000
Net increase (decrease) in short-term notes	(5,000)	5,000
Loans receivable repaid	230,024	133,114
Capital contributed by Canada	23,900	23,185
	858,857	582,562
Funds applied		
Operations		
Loss before extraordinary item	53,395	13,208
Items not involving cash	(13,348)	16,693
	40,047	29,901
Loans to farmers	806,991	555,092
Less: loans refinanced	20,959	22,321
	786,032	532,771
Net changes in other assets and liabilities	21,182	3,035
	847,261	565,707
Increase in cash	11,596	16,855
Cash, beginning of year	29,232	12,377
Cash, end of year	40,828	29,232

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. The Corporation

The Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

Under the provisions of the Farm Credit Act, the Corporation is also required to administer certain programs assigned to it by the Government. The Corporation currently extends credit under the Special Farm Financial Assistance Program, a temporary program expiring in June 1984, introduced to assist farmers in financial difficulty.

2. Significant accounting policies

Allowance for doubtful accounts

The allowance for doubtful accounts relates to loans receivable and represents an estimate of future probable losses on the accounts outstanding at the end of the year. Actual losses on loans and write-downs of acquired real estate to the net realizable value are charged to the allowance while recoveries of loan losses are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for doubtful accounts.

Revenue recognition

Interest income is recorded on an accrual basis.

Loan application fees are recorded when received. Appraisal fees withheld from loan funds are recorded at the time the loans are disbursed. Partial discharge fees are recorded when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded when loans are disbursed.

Penalties charged on loan prepayments are recorded at the time the prepayments are applied as a reduction of loan principal.

Real estate

Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Computer hardware and software are depreciated using the straight-line method over their estimated useful lives. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.

Debt issue expenses

Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense on loans payable.

Translation of foreign currencies

Loans payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The difference between the ultimate

amounts payable at the contracted rates and the cash proceeds of the debt issues is considered to be a financing cost and is therefore amortized by a charge to interest expense over the lives of the obligations on a straight-line basis. The unamortized portion of these costs is included with unamortized debt issue expenses in the balance sheet. The related interest payable on these debt issues is also hedged by currency conversion agreements and is translated into Canadian dollars at such contract rates.

Pension plan

The Corporation's employees participate in the Public Service Superannuation Plan. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.

Employee termination benefits

On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

Deferred income taxes

The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes. Deferred income taxes as of March 31, 1983 resulted primarily from the timing difference between the provision for doubtful accounts charged to operations and the amount claimed for tax purposes with respect to mortgage reserves deducted under Section 33 of the Income Tax Act.

3. Loans receivable

	Maturities not exceeding	Annual interest rate %	1984	1983
			(in thousands of dollars)	
Loans to farmers, secured by mortgages	30 years	5-16 ¾	4,878,466	4,255,857
Loans to farm syndicates, secured by notes	15 years	6 ¼-17 ½	13,770	15,798
Loans receivable from real estate sales, secured by agreements for sale or mortgages	27 years	5-16 ¾	18,652	13,126
Loans receivable under the Small Farm Development Program, secured by agreements for sale	20 years	7-10	6,212	6,681
			4,917,100	4,291,462

Maturities by fiscal year are as follows:

	1984	1983
	(in thousands of dollars)	
1984		345,292
1985	410,402	98,977
1986	118,421	105,001
1987	126,558	111,265
1988	135,036	117,910
1989	144,046	124,952
1990 through 2014	3,982,637	3,388,065
	4,917,100	4,291,462

At March 31, 1984 accrued interest of $255,565,000 (1983—$211,389,000) and arrears of $110,461,000 (1983—$79,639,000) are included in loans receivable and shown as maturing in the year ending March 31, 1985 (1983—March 31, 1984).

Prepayments of principal from farmers of $129,500,000 (1983—$54,037,000) were received during the year.

4. Loans payable

	Maturities not exceeding	Annual interest rate %	1984	1983
			(in thousands of dollars)	
Loans from Canada, secured by notes				
Farm Credit Act	20 years	4-15 ¾	4,288,685	3,931,505
Farm Syndicates Credit Act	5 years	7 ¾-16 ½	13,367	15,766
Small Farm Development Program	20 years	6-9	7,802	8,249
			4,309,854	3,955,520
Loans from the capital markets, secured by notes Farm Credit Act	10 years	10 ¾-12 ¼	299,992	50,000
Amounts owing in respect of interest rate and currency conversion agreements	10 years	10 ¾-12 ¼	5,608	
			4,615,454	4,005,520
Accrued interest			146,409	119,386
			4,761,863	4,124,906

Maturities by fiscal year are as follows:

	1984	1983
	(in thousands of dollars)	
1984		286,633
1985	348,463	181,758
1986	201,136	193,767
1987	191,157	183,072
1988	188,293	179,425
1989	204,051	194,639
1990 through 2004	3,628,763	2,905,612
	4,761,863	4,124,906

Accrued interest at March 31, 1984 of $146,409,000 (1983—$119,386,000) is shown as maturing in the year ending March 31, 1985.

By Order in Council, the Minister of Finance is authorized to provide a net increase in loans from Canada of $465,800,000 for the year ending March 31, 1985. The Corporation has also received approval to borrow an amount not exceeding $275,000,000 from capital markets during the fiscal year ending March 31, 1985.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

5. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under Section 12 of the Farm Credit Act. The statutory limit on this amount is $225 million (1983—$225 million). During the year, capital of $23.9 million (1983—$23.2 million) was contributed by Canada. By Order in Council, the Minister of Finance is authorized to provide an increase in capital of $28.4 million for the year ending March 31, 1985.

6. Income taxes

At March 31, 1984, management has determined that it is no longer appropriate to record potential tax benefits relating to tax losses carried forward for accounting purposes. Consequently, the amount of $3,319,000 in potential future tax reductions, recorded as an asset at March 31, 1983 has been written off this year as an extraordinary item. The Corporation has a tax loss carry forward for accounting purposes of approximately $59,000,000 at March 31, 1984 which has not been recognized in the accounts and is available to reduce taxable income in future years. All of this amount can be carried forward indefinitely.

7. Limit on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1984 the Corporation's outstanding borrowings under this Act were 24.20 times the capital (1983—24.06 times).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1984 the Corporation's loans from Canada under this Act were $13.4 million (1983—$15.8 million).

8. Commitments to farmers

Loans to farmers approved but not disbursed as at March 31, 1984 amounted to $61.0 million (1983—$128.5 million), most of which were approved at 13% (1983—13¼%). It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1984 from funds to be borrowed by the Corporation.

9. Operating leases

The future minimum lease payments required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

	(in thousands of dollars)
Year ending March 31	
1985	1,672
1986	1,412
1987	1,238
1988	786
1989	510
1990 and subsequent	2,706
	8,324

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

SUMMARY PAGE

FEDERAL BUSINESS DEVELOPMENT BANK

MANDATE:

To promote and assist in the establishment and development of business enterprises in Canada by providing financial assistance, management counselling, management training, information and advice.

BACKGROUND:

Since 1974, the Bank has provided financial assistance to Canadian firms by acting as a supplementary lender and a source of equity financing. It also provides financial planning, counselling and training, and other management services.

CORPORATION DATA:

HEAD OFFICE:	901 Place Victoria Montreal, Quebec H3C 3C3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Sinclair Stevens, P.C., Q.C., M.P.
DEPARTMENT:	Regional Industrial Expansion
DATE AND MEANS OF INCORPORATION:	1974, the *Federal Business Development Bank Act* (Successor to the Industrial Development Bank, established 1944).
CHIEF EXECUTIVE OFFICER:	Guy A. Lavigueur
CHAIRMAN:	Harold H. MacKay, Q.C.
AUDITOR:	Maheu Noiseux

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	1,616	1,907	1,958
Obligations to the private sector	821	909	879
Obligations to Canada	420	592	763
Equity of Canada	200	207	163
Cash from Canada in the period			
— budgetary	78	118	18
— non-budgetary	nil	26	46

FEDERAL BUSINESS DEVELOPMENT BANK

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements were prepared by the management of the Federal Business Development Bank in accordance with the accounting principles generally accepted in Canada consistently applied. The financial data contained in other sections of this annual report is consistent with the content of the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by audit and inspection staff which conducts periodic reviews of different aspects of the Bank's operations. In addition, the Vice-President Inspection and the Independent Auditor have full and free access to the Audit Committee of the Bank's Board of Directors which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

These financial statements have been examined by the Bank's independent auditor, Mr. Claude D. Henry, C.A. of Maheu Noiseux, Chartered Accountants, and his report is included therein.

GUY A. LAVIGUEUR
President

AUDITOR'S REPORT

THE HONOURABLE MINISTER OF REGIONAL INDUSTRIAL EXPANSION
THE HONOURABLE MINISTER OF STATE, SMALL BUSINESS AND TOURISM

I have examined the statement of assets and liabilities of the Federal Business Development Bank as at March 31, 1984 and the statements of operations, deficit and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present a true and fair view of the financial position of the Bank as at March 31, 1984 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Bank, the financial statements are in agreement therewith and the transactions that have come under my notice have been within the statutory powers of the Bank.

CLAUDE D. HENRY, C.A.
of Maheu Noiseux

Montreal, June 5, 1984

STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31
(in thousands of dollars)

ASSETS	1984	1983
Cash	418	533
Treasury bills	51,270	73,481
	51,688	74,014
Securities issued by Canada	40,690	51,117
Loans	1,626,727	1,854,921
Venture capital investments, less write-downs (Note 3)	22,760	21,310
	1,649,487	1,876,231
Interest due and accrued	35,776	38,215
	1,685,263	1,914,446
Less: accumulated provision for possible future losses (Note 4)	183,383	158,202
	1,501,880	1,756,244
Fixed assets, less accumulated depreciation	7,410	8,188
Unamortized debt issue expenses	5,509	9,237
Other assets	8,696	8,541
	1,615,873	1,907,341

LIABILITIES AND CAPITAL	1984	1983
Cheques outstanding	7,139	31,447
Short term notes	99,926	94,443
Accrued interest on short and long term notes	58,521	65,410
Other liabilities	9,561	7,325
	175,147	198,625
Notes held by Canada (Note 5)	420,000	592,000
Notes payable, other than to Canada (Note 6)	820,968	909,280
CAPITAL		
Capital paid in by Canada (Note 7)	449,600	393,000
Deficit	(249,842)	(185,564)
	199,758	207,436
	1,615,873	1,907,341

Contingent Liabilities (Note 8)

Approved by the Board:

GUY A. LAVIGUEUR
Director

R. G. ANNABLE
Director

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

FINANCIAL SERVICES

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Interest Income		
Loans	239,067	276,637
Venture capital investments	2,866	1,623
	241,933	278,260
Interest Expense		
Long-term notes	155,797	178,592
Short-term notes	8,847	14,785
	164,644	193,377
Net interest income	77,289	84,883
Provision for losses on loans, guarantees and for write-downs of venture capital investments	73,557	91,839
Net interest income (expense) after provision and write-downs	3,732	(6,956)
Non-Interest Expenses		
Salaries and other staff benefits	46,236	49,331
Premises and equipment expenses, including depreciation	10,493	10,027
Other expenses	13,397	16,303
	70,126	75,661
Charged to Management Services	2,116	1,596
Net non-interest expenses	68,010	74,065
Net loss for the year	64,278	81,021

MANAGEMENT SERVICES

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Salaries and other staff benefits	9,532	8,829
Premises and equipment expenses	2,312	1,873
Training and information service publications	937	1,206
CASE counselling fees	2,731	2,776
Other expenses	6,996	6,111
	22,508	20,795
Charged by Financial Services	2,116	1,596
Total expenditures	24,624	22,391
Less: revenue from CASE counselling, training seminar registration, etc.	3,342	2,920
Amount recovered from the Department of Regional Industrial Expansion Vote 65 (Vote 70 in 1983)	21,282	19,471
Total expenditures were incurred as follows		
Management Counselling	6,696	6,917
Management Training	4,900	5,831
Information Services	7,084	5,368
Administration	2,877	2,542
Capital expenditures	951	137
	22,508	20,795
Charged by Financial Services	2,116	1,596
	24,624	22,391

STATEMENT OF DEFICIT FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Deficit, beginning of year	185,564	104,543
Net loss for the year	64,278	81,021
Deficit, end of year	249,842	185,564

STATEMENT OF CHANGES IN CASH POSITION FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Source of cash		
Loans from sources other than Canada		30,000
Net increase in short-term notes	5,483	33,995
Capital paid in by Canada (Note 7)	56,600	125,000
Repayments by borrowers and investees	423,463	334,054
Sale (purchase) of securities	10,427	(51,194)
Other	5,451	(579)
	501,424	471,276
Net loss for the year	(64,278)	(81,021)
Items not requiring an outlay of cash		
Provision for losses	73,557	91,839
Depreciation of fixed assets	1,721	1,728
Amortization of debt issue expenses	3,728	3,481
Net changes in accrued interest	(4,450)	(13,791)
Cash flow from operations	10,278	2,236
	511,702	473,512
Use of cash		
Disbursements to borrowers and investees	249,408	267,558
Repayment of maturing notes	260,312	171,000
Debt issue expenses		280
	509,720	438,838
Net increase in cash position	1,982	34,674
Increase (decrease) in cash and Treasury bills	(22,326)	51,503
Less: decrease (increase) in cheques outstanding	24,308	(16,829)
	1,982	34,674

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1984

1. Objectives and operations of the Corporation

Federal Business Development Bank is a Crown corporation wholly-owned by the Government of Canada, which was established December 20, 1974 by the Federal Business Development Bank Act, as the successor to the Industrial Development Bank which commenced operations in 1944.

The objectives of the Bank, as stated in the Act, are to promote and assist in the establishment of business enterprises in Canada by providing financial assistance, management counselling, management training, information and advice; giving particular consideration to the needs of small business enterprises.

The Bank's lending and investment banking operations are carried out by Financial Services. Management Services includes counselling, training and information services. A separate statement of operations is shown for Management Services since it is funded directly by Parliamentary appropriation.

Federal Business Development Bank is for all purposes an agent of the Government of Canada, and as such all liabilities of the Corporation are direct obligations of the Government of Canada.

The Bank is exempt from income taxes.

2. Significant accounting policies

Loans and venture capital investments

Loans and venture capital investments are recorded at principal amounts.

Provision for losses on loans, guarantees and for write-downs of venture capital investments

A charge against income is made to adjust the accumulated provision for possible future losses to the level which provides for specifically identified probable losses on loans and guarantees, as well as for unidentified future losses and to reflect write-downs of venture capital investments. The general portion of the accumulated provision is based on historical experience and is intended to cover future losses on loans and venture capital investments which have not yet been specifically identified. Write-downs of venture capital investments are recorded whenever a significant negative change occurs, or appears likely to occur, in the investee's business development plan.

Revenue recognition

Interest on loans is recorded as income on an accrual basis except that interest is not accrued on loans where management believes that the interest will not be recovered. Dividends, interest and capital gains on venture capital investments are recorded as income when received.

Securities issued by Canada

Securities are carried at amortized value.

Fixed assets and depreciation

Fixed assets are recorded at cost.

Depreciation is charged against income using either the straight-line or diminishing balance methods in amounts sufficient to amortize the cost of fixed assets over their estimated useful lives.

With respect to the Management Services function of the Bank, all capital expenditures are recovered from the Department of Regional Industrial Expansion and hence are not capitalized.

Debt issue expenses

Discounts, premiums and expenses related to the issue of the long-term debt are amortized on a straight-line basis over the term of the obligations to which they pertain and charged to interest expense.

Translation of foreign currencies

Notes payable in foreign currencies are hedged by forward exchange contracts and are translated into Canadian dollars at the rates provided therein. The difference between the ultimate amount payable at the contracted rate and the cash proceeds of the issue is considered to be a financing cost and is therefore amortized by a charge to interest expense over the life of the obligation on a straight-line basis. The unamortized portion of these costs is included with unamortized debt issue expenses in the statement of assets and liabilities. The related interest payable on these note issues is also hedged by forward exchange contracts and is translated into Canadian dollars at such contract rates.

Interest rate futures

Interest rate futures transactions are undertaken with the intention of reducing the impact of interest rate fluctuations. Realized gains and losses on closed contracts are amortized on a straight-line basis over the periods to which they relate. Unamortized gains and losses are recorded in other assets in the statement of assets and liabilities.

3. Venture capital investments and write-downs

	1984	1983
	(in thousands of dollars)	
Shares	16,532	17,801
Shareholder advances	12,185	14,209
Participating debentures	4,670	4,605
Convertible debentures	1,180	1,198
	34,567	37,813
Less: amount of write-downs	11,807	16,503
	22,760	21,310
Write-downs, beginning of year	16,503	13,890
Amounts written off during the year	(5,732)	(7,978)
	10,771	5,912
Additional write-down required to provide for future losses on venture capital investments	1,036	10,591
Write-downs, end of year	11,807	16,503

4. Accumulated provision for possible future losses

	1984	1983
	(in thousands of dollars)	
Accumulated provision, beginning of year	158,202	143,110
Recovery of amounts previously written off	4,313	2,624
Amounts written off during the year	(51,653)	(68,780)
	110,862	76,954
Additional provision required to provide for possible future losses on loans and guarantees	72,521	81,248
Accumulated provision, end of year	183,383	158,202

FEDERAL BUSINESS DEVELOPMENT BANK—*Concluded*

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 1984—*Concluded*

5. Notes held by Canada

Maturities by fiscal year were as follows

Rate %	1985	1986	1987	1988	Total
	(in thousands of dollars)				
8-8⅞	36,000	34,000			70,000
9-9⅜	78,000	43,000	43,000		164,000
10-10⅛	43,000	42,000	50,000	51,000	186,000
	157,000	119,000	93,000	51,000	420,000

6. Notes payable, other than to Canada

Maturities by fiscal year were as follows

Rate %	1985	1986	1987	1988	1989	1990-95	Total
	(in thousands of dollars)						
10.1-11¾	50,000	113,000	3,000	28,000	3,000	78,000	275,000
12¼-13⅝	65,000	90,755		59,600			215,355
14-15¾	83,060		103,453	30,000	74,100		290,613
17¾			40,000				40,000
	198,060	203,755	146,453	117,600	77,100	78,000	820,968

The above includes notes payable of US $197,472,000.

During the course of the year the Bank placed deposits totalling $55,000,000 into irrevocable trust agreements solely for the extinguishment of specific notes payable amounting to $60,145,000 which are due in fiscal 1986. These trust deposits are regarded as being an effective prepayment of debt and only the net amount of $5,145,000 is considered as outstanding and included in the table above.

7. Capital paid in by Canada

	1984	1983
	(in thousands of dollars)	
Balance, beginning of year	393,000	268,000
Cash paid in	56,600	125,000
Balance, end of year	449,600	393,000

8. Contingent liabilities and commitments

The Bank is contingently liable as guarantor of loans aggregating $15,913,000 against which Management has made appropriate provision.

The undisbursed amount as at March 31, 1984 on loans and venture capital investments authorized aggregated $90,008,000 (1983—$93,906,000).

9. Pension fund

The Bank has a pension plan for its employees which is contributory and trusteed. Related costs, net of employees' contributions, are charged to earnings as paid. Based on an independent actuarial valuation as at December 31, 1983, the plan was fully funded at that date.

10. Statutory limitations on operations

In accordance with the Federal Business Development Bank Act, the Minister of Finance of Canada may, with the approval of the Governor in Council, authorize capital payments to the Bank provided that the aggregate of such payments does not exceed $475 million. The total of direct and contingent liabilities of the Bank is limited to a maximum of 12 times the amounts of its capital and deficit (or up to 15 times with the approval of the Governor in Council) and may never exceed $3.2 billion. The ratio of the direct and contingent liabilities of the Bank to its capital, as defined, was 7.4:1 as at March 31, 1984.

11. Investment Banking Division

Included within the statement of operations for Financial Services are the results of the Investment Banking Division which are segregated below. On April 1, 1983, with the introduction of the new mandate, the Investment Banking Division assumed the venture capital investment division portfolio. The regular loans associated with investment customers were then transferred to the Lending Division. Included within the capital of the Bank as at March 31, 1983 was an amount of $29 million provided by the Government of Canada to fund the venture capital investment portfolio at that date. A further $6.6 million was received for the same purpose during the fiscal year ended March 31, 1984. The results for the fiscal year ended March 31, 1983 shown below, have been reclassified for comparative purposes.

RESULTS OF INVESTMENT BANKING DIVISION FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Income from venture capital investments	2,866	1,623
Interest expense		4,161
Net interest income (expense)	2,866	(2,538)
Provision for losses and for write-downs of venture capital investments	1,079	10,530
Net interest income (expense) after provision and write-downs	1,787	(13,068)
Non-Interest Expenses		
Salaries and other staff benefits	1,797	1,529
Other expenses	975	620
Net loss for the year	985	15,217

12. Comparative financial data

Certain amounts pertaining to the fiscal year ended March 31, 1983 have been reclassified to comply with the presentation adopted for the fiscal year ended March 31, 1984.

SUMMARY PAGE

FRESHWATER FISH MARKETING CORPORATION

MANDATE:

To regulate interprovincial and export trade in freshwater fish.

BACKGROUND:

The corporation's Act gives it a monopoly over inter-provincial and export trade in freshwater fish originating in the Northwest Territories, the three Prairie Provinces and part of northern Ontario. The objectives of the corporation are: (a) market fish in an orderly manner; (b) increase returns to fishermen; and (c) promote international markets for and increase inter-provincial and export trade in fish. The Act also requires the corporation to conduct its operations on a self-sustaining financial basis without appropriations.

CORPORATION DATA:

HEAD OFFICE:	1199 Plessis Road Winnipeg, Manitoba R2C 3L4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Fraser, P.C., Q.C., M.P.
DEPARTMENT:	Fisheries and Oceans
DATE AND MEANS OF INCORPORATION:	Established in 1968 by the *Freshwater Fish Marketing Act* (RSC 70, Chapter F-13)
CHIEF EXECUTIVE OFFICER:	J.T. Dunn
CHAIRMAN:	Donald D. Tansley
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends April 30.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	19.5	23.3	24.2
Obligations to the private sector	nil	nil	nil
Obligations to Canada	9.8	18.1	14.8
Equity of Canada	1.3	1.1	1.0
Cash from (to) Canada in the period			
— budgetary	nil	nil	nil
— non-budgetary	(8.3)	3.3	0.4

FRESHWATER FISH MARKETING CORPORATION

AUDITOR'S REPORT

THE HONOURABLE HERB BREAU, P.C., M.P.
MINISTER OF FISHERIES AND OCEANS

I have examined the balance sheet of the Freshwater Fish Marketing Corporation as at April 30, 1984 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at April 30, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Ontario
July 20, 1984

BALANCE SHEET AS AT APRIL 30, 1984

ASSETS	1984	1983
Current		
Accounts receivable		
Trade	$ 5,264,374	$ 4,062,838
Costs recoverable (Note 3)	—	789,577
Contributions (Note 4)	225,000	—
Other	851,220	939,246
Inventory		
Finished fish products	5,702,542	9,655,300
Packaging material and parts	1,032,787	1,321,593
Prepaid expense	70,831	96,777
	13,146,754	16,865,331
Property, plant and equipment (Note 5)	6,316,909	6,438,571
	19,463,663	23,303,902

LIABILITIES	1984	1983
Current		
Bank indebtedness	$ 128,426	$ 728,402
Accounts payable	2,060,636	3,007,489
Accrued interest payable	276,496	414,215
Working capital loans from Canada (Note 6)	5,750,000	13,450,000
Current portion of capital loans from Canada (Note 6)	530,043	601,793
Provision for final payments to fishermen	5,885,943	—
	14,631,544	18,201,899
Long-term		
Mortgages payable	25,098	—
Capital loans from Canada (Note 6)	3,510,205	4,040,248
	3,535,303	4,040,248
	18,166,847	22,242,147
EQUITY		
Retained earnings	1,296,816	1,061,755
	$19,463,663	23,303,902

Approved:

R.E. ENGLAND
Director

D.D. TANSLEY
Director

FRESHWATER FISH MARKETING CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED APRIL 30, 1984

	1984	1983
Sales	$44,696,689	$39,200,624
Cost of sales	34,777,050	34,611,980
Gross margin	9,919,639	4,588,644
Selling and administrative expenses		
Interest (Note 7)	1,241,129	2,085,722
Salaries and employee benefits	1,069,548	1,021,701
Depreciation and amortization	650,422	683,609
Bad debts	242,194	195,588
Other	570,066	560,264
	3,773,359	4,546,884
Income before provision for final payments to fishermen	6,146,280	41,760
Provision for final payments to fishermen	5,911,219	—
Net income for the year	235,061	41,760
Retained earnings at beginning of the year	1,061,755	1,019,995
Retained earnings at end of the year	1,296,816	1,061,755

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED APRIL 30, 1984

	1984	1983
Source of funds		
Operations		
Net income for the year	$235,061	$41,760
Depreciation and amortization not requiring an outlay of funds	650,422	683,609
	885,483	725,369
Mortgage funds obtained	25,098	—
	910,581	725,369
Application of funds		
Additions to property, plant and equipment	528,760	246,876
Decrease in capital loans from Canada	530,043	601,793
	1,058,803	848,669
Increase in working capital deficiency	148,222	123,300
Working capital deficiency at beginning of the year	1,336,568	1,213,268
Working capital deficiency at end of the year	1,484,790	1,336,568

NOTES TO FINANCIAL STATEMENTS

1. Objectives and Operations

The Corporation was established by the Freshwater Fish Marketing Act in 1969, as a corporation without share capital, for the purpose of marketing and trading in fish, fish products and fish by-products in and out of Canada. The Corporation is a proprietary Crown corporation named in schedule D to the Financial Administration Act and is required to conduct its operations on a self-sustaining basis. Total loans outstanding from Canada and from banks may not exceed $20 million.

The Corporation has the exclusive right to market the products of the commercial fishery in the provinces participating in the program in inter-provincial and export trade. Participation of the provinces of Manitoba, Saskatchewan, Alberta and Ontario and the Northwest Territories was established by agreement with the Government of Canada.

2. Significant account policies

Inventories

Finished fish products are valued at the lower of cost and net realizable value. Packaging material and parts are valued at the lower of cost and replacement cost.

Depreciation and amortization

Depreciation is based on the estimated useful lives of the assets using the following methods and annual rates.

Buildings		
— Lake stations	Straight-line	10%
— Plant	Straight-line	2-1/2%
Equipment		
— Plant	Declining balance	10-25%
— Mobile	Declining balance	30%
Fresh fish delivery tubs	Straight-line	10%
Packer vessel	Straight-line	6-2/3%

Leasehold improvements are amortized on a straight-line basis over the term of the lease. Lease terms vary in length up to 20 years.

Payments to fishermen

The Corporation purchases fish at initial prices established by the Board of Directors and the cost of such purchases is included in the cost of sales. A guide used in the determination of the initial price is 80% of the projected total payments to fishermen (initial plus final), based upon forecasts prepared by the Corporation. Final payments, if any, to fishermen are determined by the Board after the end of the year, based on the results of operations for the year. The final payments are made in respect of products purchased during the year and therefore are charged to operations of the current year.

Foreign currency translation

Accounts receivable and payable denominated in foreign currency are translated into Canadian dollars at the year-end exchange rate. Transactions in foreign currency during the year are translated at the rate in effect at the time of the transaction. Translation gains and losses are included in interest expense.

Contributions

Contributions received in respect of property, plant and equipment are credited to the cost of the assets and those received in respect of job creation programs are credited to accounts payable and reduced as funds are expended.

3. Costs recoverable

The Corporation operates certain fish packing and processing plants which, due to their remoteness, incur excessive freight and other costs. These costs are expected to be recovered from various federal and provincial government departments upon whose support the existence of these operations depends. In the event that these costs cannot be collected from governments, the Corporation will recover these costs from the final payments to fishermen.

4. Contributions

The Corporation has received contributions toward the costs of property, plant and equipment and job creation programs from a number of departments and agencies of the Federal and Provincial Governments, which are summarized as follows:

	Job Creation Programs	Property plant and equipment
Government of Canada		
Department of Public Works	$	$14,984
Canada Employment and Immigration Commission	776,232	
Department of Fisheries and Oceans	587,349	
Province of Manitoba		
Special Agricultural Rural Development Act	129,673	
Northern Job Creation Program ...	1,779	
Manitoba Jobs Fund Program	125,040	
Province of Saskatchewan		
Department of Parks and Renewable Resources	3,484	
Province of Ontario		
Ministry of Natural Resources	35,026	
	1,658,583	14,984

In addition to the foregoing, the Corporation received $72,980 from the Government of Canada, Department of External Affairs for a Whitefish Market Research Development Program.

5. Property, plant and equipment

	1984			1983
	Cost	Accumulated depreciation and amortization	Net	Net
Land	332,060	—	332,060	316,692
Buildings	5,155,720	1,600,719	3,555,001	3,509,929
Equipment	4,629,532	3,330,490	1,299,042	1,353,271
Fresh fish delivery tubs .	1,344,334	599,877	744,457	889,213
Packer vessel ..	339,688	242,743	96,945	98,687
Leasehold improvements	429,241	333,180	96,061	109,437
Construction in progress ...	193,343	—	193,343	161,342
	12,423,918	6,107,009	6,316,909	6,438,571

6. Loans from Canada

These loans were secured by promissory notes and are made under Section 17 of the Act. At April 30, 1984 the outstanding amounts were as follows:

	Interest Rate	Amount
	%	
Working capital loans	9 7/8	450,000
	10 3/8	3,300,000
	11 3/8	2,000,000
		$5,750,000
Capital loans	8 1/4	801,044
	9 1/8	339,974
	10 1/8	300,000
	10 7/8	1,191,122
	14	408,108
	15 3/8	450,000
	15 5/8	550,000
		4,040,248
Less: current portion		530,043
		$3,510,205

Working capital loans are payable on demand and capital loans are repaid in amounts equal to the sum of the annual provision for depreciation and amortization on property, plant and equipment and proceeds derived from disposals thereof.

7. Interest expense

	1984	1983
Interest on loans from Canada		
Working capital	$938,213	$1,602,890
Capital	474,112	516,765
	1,412,325	2,119,655
Losses (gains) on foreign exchange ..	(121,103)	6,953
Interest income (net)	(50,093)	(40,886)
	$1,241,129	$2,085,722

8. Income taxes

The Corporation is eligible to deduct, for tax purposes, a 3% inventory allowance and a portion of its eligible capital cost allowance and accordingly, has no taxable income for the year. At April 30, 1984, the excess of undepreciated capital cost over net book value of property, plant and equipment amounted to $3,002,175 (1983 — $3,033,472) which can be used to reduce future years' taxable income.

9. Remuneration to foreign agents

During the year, the Corporation paid an aggregate amount of $767,630 (1983 — $603,302) to the following foreign sales agents: L.H. Frohman & Sons, Juhl Brokerage Incorporated, Bill Bush & Associates, R.M. Sloan Co., Mile Hi Country Sales Co., Associated Gourmet Brokers, Sahakian & Salm, Benolken Brokerage, Robert A. Smith Seafoods, International Pacific Seafoods, Inc., 4 J's Foodservices Sales — U.S.; I. LeGrand H. Malo et Cie — France; Lejos Oy — Finland; A.B.P. Jorgesen — Sweden; Rud Kanzoe GmbH & Co.— Germany.

10. Subsequent event

Bill C-24, an Act to amend the Financial Administration Act in respect of Crown corporations, was passed on June 28, 1984. When this Act is proclaimed the Corporation will be rescheduled under Schedule C, part I.

SUMMARY PAGE

GREAT LAKES PILOTAGE AUTHORITY, LTD.

MANDATE:

To establish, operate, maintain and administer in the interests of safety, an efficient pilotage service in designated Canadian waters in the Great Lakes area and in and around Ontario and in designated waters in Manitoba, and in the St. Lawrence River, south of the St. Lambert Lock in Quebec.

BACKGROUND:

Established in 1972, the Authority provides pilotage services and has the power to make regulations, subject to the approval of the Governor in Council, which establish compulsory pilotage areas; prescribe the ships/classes of ships that are subject to compulsory pilotage, the circumstances under which compulsory pilotage may be waived, and pilotage tariffs; and which cover the licensing of pilots and issuance of pilotage certificates. Tariffs must be fair and reasonable and sufficient to permit the Authority to operate on a self-sustaining financial basis.

CORPORATION DATA:

HEAD OFFICE:	132 Second Street East Cornwall, Ontario K6H 5R9
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Established pursuant to the *Pilotage Act* (SC 1970-71-72, Chap. 52) and incorporated under the *Canada Corporations Act* in May 1972 as a subsidiary of The St. Lawrence Seaway Authority.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Richard G. Armstrong
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	4.3	3.9	3.9	2.9
Obligations to the private sector	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil
Equity of Canada	(2.2)	(1.9)	(1.4)	(2.1)
Cash from Canada in the year				
— budgetary	0.3	0.2	nil	0.6
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

GREAT LAKES PILOTAGE AUTHORITY, LTD.

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of Great Lakes Pilotage Authority, Ltd. as at December 31, 1983 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
January 30, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
	$	$
Current		
Cash and short-term deposits	2,502,592	2,864,291
Accounts receivable	1,400,230	971,659
	3,902,822	3,835,950
Fixed, at cost		
Buildings	63,642	63,642
Furniture and equipment	60,047	59,329
	123,689	122,971
Less: accumulated depreciation	88,595	75,867
	35,094	47,104
	3,937,916	3,883,054

LIABILITIES	1983	1982
	$	$
Current		
Accounts payable and accrued liabilities	2,681,782	2,364,293
Accrued employee termination benefits	3,161,414	2,934,398
	5,843,196	5,298,691
SHAREHOLDER'S DEFICIENCY		
Capital stock		
Authorized—Unlimited		
Issued and fully paid—15 shares	1,500	1,500
Contributed capital	82,074	82,074
Deficit	(1,988,854)	(1,499,211)
	(1,905,280)	(1,415,637)
	3,937,916	3,883,054

Approved by the Board:

R. G. ARMSTRONG
Director

L. E. BELAND
Director

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Revenues		
Pilotage charges	9,722,132	9,930,135
Miscellaneous dispatching income	177,052	186,945
Interest and other income	135,319	228,798
	10,034,503	10,345,878
Expenses		
Pilots' salaries and benefits	7,869,507	7,634,891
Staff salaries and benefits	1,022,885	963,352
Transportation and travel	669,849	662,350
Pilot boats	418,187	433,072
Employee termination benefits	382,100	469,055
Communications	82,545	82,472
Professional and special services	44,206	14,778
Purchased despatching services	42,849	43,207
Rentals	30,418	30,451
Utilities, materials and supplies	21,191	31,872
Repairs and maintenance	15,352	13,459
Depreciation	12,835	13,068
	10,611,924	10,392,027
Loss before insurance premiums refunded	577,421	46,149
Insurance premiums refunded	87,778	87,733
Loss (net income) for the year	489,643	(41,584)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Balance, beginning of the year	1,499,211	2,179,724
Loss (net income) for the year	489,643	(41,584)
Parliamentary appropriation		(638,929)
Balance, end of the year	1,988,854	1,499,211

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Funds provided		
Operations		
Net income for the year		41,584
Items not requiring an outlay of funds		
Employee termination benefits		381,560
Depreciation		13,068
		436,212
Parliamentary appropriation		638,929
		1,075,141
Funds applied		
Operations		
Loss for the year	489,643	
Items not requiring an outlay of funds		
Employee termination benefits	(227,016)	
Depreciation	(12,835)	
	249,792	
Additions to fixed assets	824	1,545
	250,616	1,545
Increase (decrease) in working capital	(250,616)	1,073,596
Working capital, beginning of the year	1,471,656	398,060
Working capital, end of the year	1,221,040	1,471,656

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Nature of activities

The Great Lakes Pilotage Authority was established on February 1, 1972 pursuant to the Pilotage Act, incorporated as a limited company on May 17, 1972, and is continued under the Canada Business Corporations Act. Great Lakes Pilotage Authority, Ltd. is a subsidiary of the St. Lawrence Seaway Authority.

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that the pilotage tariffs shall be fair, reasonable and sufficient, together with any revenue from other sources, to permit the Authority to operate on a self-sustaining financial basis.

The Authority is not subject to any income taxes.

2. Significant accounting policies

Parliamentary appropriations

When revenue from pilotage charges is not sufficient to permit the Authority to operate on a self-sustaining financial basis, operating losses and capital expenditures are recovered from parliamentary appropriations. For the purposes of these parliamentary appropriations, operating losses do not include depreciation or any increase in accrued employee termination benefits.

Parliamentary appropriations with respect to operating losses are reflected in the statement of deficit, while parliamentary appropriations to finance capital expenditures are accounted for as contributed capital. Appropriations are recorded in the accounts when approved by Parliament.

Depreciation

Depreciation of fixed assets is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and equipment	5 to 10 years

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid, generally over the remaining years of service of the employees.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

3. Pension plan

Under provisions of the Pilotage Act, pilots who choose to become employees of the Authority are entitled to count service prior to becoming an employee as pensionable under the Public Service Superannuation Act. For pilots who have elected to purchase pension benefits with respect to past service, the Authority is required to match the employee contribution. The estimated unfunded past service pension contribution with respect to these employees was approximately $480,400 as of December 31, 1983 (1982—$555,600) and will be funded over the remaining years of service of the pilots, or the terms of purchase, whichever is the lesser.

In 1983, the pension expense was $570,177 (1982—$573,559) including $72,983 (1982—$81,627) for past service contributions.

SUMMARY PAGE

HALIFAX PORT CORPORATION

MANDATE:

Administration, management and control of the Halifax harbour and all works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, The National Harbours Board.

BACKGROUND:

The Halifax Port Corporation was established on June 1, 1984 pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of The National Harbours Board and, since February 1983, the Canada Ports Corporation. Total cargo handled by the port in 1984 amounted to 14.3 million tonnes including 2 million tonnes of containerized cargo.

CORPORATION DATA:

HEAD OFFICE:	P.O. Box 336 Ocean Terminal Halifax, Nova Scotia B3J 2P6
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	June 1, 1984; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 6.2(1) of the *Canada Ports Corporation Act*.
CHIEF EXECUTIVE OFFICER:	David F. Bellefontaine
CHAIRMAN:	Raymond V. Beck
AUDITOR:	Doane, Raymond

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	Seven months* to Dec. 31, 1984
At the end of the period:	
Total Assets	58.3
Obligations to the private sector	nil
Obligations to Canada	30.6
Equity of Canada	22.2
Cash from Canada in the period	
— budgetary	0.6
— non-budgetary	nil

* The corporation began operations on June 1, 1984.

NO FINANCIAL STATEMENTS FOR THE REPORT PERIOD COULD BE AVAILABLE FOR THIS CORPORATION SINCE IT WAS ESTABLISHED ONLY ON JUNE 1, 1984

SUMMARY PAGE

HARBOURFRONT CORPORATION

MANDATE:

Operate, manage, maintain and develop the Toronto Harbourfront lands for the benefit of the public.

BACKGROUND:

Acquired by Canada in 1978, the corporation has developed public places on Toronto's waterfront and promotes in them multicultural and recreational activities which foster links with the neighborhood's residential and commercial area.

CORPORATION DATA:

HEAD OFFICE:	Suite 500 417 Queen's Quay West Toronto, Ontario M5V 1A2
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Roch LaSalle, P.C., M.P.
DEPARTMENT:	Public Works
DATE AND MEANS OF INCORPORATION:	Terminal Warehouses Ltd, 16 June 1936 under Ontario *Companies Act*; as Harbourfront Corporation 14 July, 1978 under *Business Corporations Act* of Ontario. Continued under *Canada Business Corporations Act* 21 December, 1984.
CHIEF EXECUTIVE OFFICER:	Howard E. Cohen
CHAIRMAN:	Benson Orenstein
AUDITOR:	Green and Cadsby

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	9.8	5.9	1.8
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	0.5	1.4	negl.
Cash from Canada in the period			
— budgetary	14.0	8.5	5.5
— non-budgetary	nil	nil	nil

HARBOURFRONT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

We have examined the balance sheet of Harbourfront Corporation as at March 31, 1984, and the statement of retained equity and statement of receipts and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1984, and the results of its operations for the year then ended in accordance with the accounting policies as outlined in Note 2 to the financial statements, applied on a basis consistent with that of the preceding year.

GREEN AND CADSBY
Chartered Accountants

Toronto, Canada
June 11, 1984

BALANCE SHEET AS AT MARCH 31

ASSETS	1984	1983
Current		
Cash	$7,031,572	$2,931,450
Contribution receivable — Government of Canada	—	2,077,698
Grants receivable	213,136	—
Accounts receivable	375,763	339,386
Interest receivable (Note 4)	1,291,549	—
Sundry assets and deposits	861,847	578,949
	9,775,867	5,927,483
Fixed (Note 2)	1	1
	$9,775,868	$5,927,484

LIABILITIES	1984	1983
Current		
Accounts payable and accrued expenses	$1,809,493	$1,224,467
Due on land purchase	—	1,327,698
Unearned revenue	308,520	275,615
Funds held in trust (Note 4)	2,981,837	882,374
Unapplied grant — Dance Theatre	—	792,925
	5,099,850	4,503,079
Fund Balances		
Capital Improvements Fund (Note 5)	2,077,000	—
Special Recovery Capital Projects Program Fund (Note 6)	2,125,366	—
	4,202,366	—
SHAREHOLDER'S EQUITY		
Share Capital		
Authorized capital 50,000 common shares		
Stated capital 215,500 common shares	1	1
Retained equity	473,651	1,424,404
	473,652	1,424,405
	$9,775,868	$5,927,484

On behalf of the Board:

JOHN H. TORY
Director

R. CALOZ
Director

STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Receipts		
Government of Canada — contribution	$5,443,000	$8,477,698
Special Recovery Capital Projects Program — contribution	8,532,000	—
Dance Theatre grant	876,425	658,575
Computer Centre — grant and project revenue	508,966	—
Rental and other income	3,373,079	2,586,439
Interest earned under redevelopment agreements (Note 4)	2,370,309	—
Events, admissions and grants	1,533,779	849,106
	22,637,558	12,571,818
Expenditures		
Computer Centre	609,176	—
Program division	958,352	935,602
Events production cost	1,712,685	924,754
Communications division	841,626	723,284
Corporate services and administration	1,300,475	1,287,692
Property management	2,279,037	1,891,394
Planning and development division	384,779	434,455
	8,086,130	6,197,181
Site Capital Improvements		
General site improvements	2,915,542	2,955,204
Land acquisition (Note 3)	1,084,082	1,340,237
Special Recovery Capital Projects Program	6,406,634	—
Dance Theatre Development	893,557	658,575
	11,299,815	4,954,016
Total expenditures	19,385,945	11,151,197
Excess of receipts over expenditures	$3,251,613	$1,420,621

STATEMENT OF RETAINED EQUITY
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of year	$1,424,404	$3,783
Excess of receipts over expenditures	3,251,613	1,420,621
	4,676,017	1,424,404
Appropriations		
Capital Improvements Fund (Note 5)	2,077,000	—
Special Recovery Capital Projects Program Fund (Note 6)	2,125,366	—
	4,202,366	—
Balance at end of year	$473,651	$1,424,404

NOTES TO THE FINANCIAL STATEMENTS

1. General

The Company is an Ontario corporation. Share capital is held by Her Majesty the Queen in Right of Canada as represented by the Minister of Public Works.

Pursuant to an agreement dated June 13, 1980, Her Majesty the Queen in Right of Canada has granted the Corporation the right to operate, manage, maintain and develop the Toronto Harbourfront lands for the benefit of the public. This agreement expires on June 12, 1987, at which time, Her Majesty the Queen in Right of Canada will assume responsibility for the obligations of the Corporation.

2. Accounting Policies

The accounting policies of the Corporation are in accordance with generally accepted accounting principles except for the following:

(a) The land is owned by Her Majesty the Queen in Right of Canada, and, consequently, is not reflected in the balance sheet. Other fixed assets and chattels were transferred to the Corporation by Order in Council for $1. The cost of maintaining these assets and new acquisitions are recorded as expenditures in the year incurred.

(b) The Corporation has entered into various equipment capital lease agreements that are being treated as operating leases. The contractual principal repayments under the leases are as follows:

Year Ending March 31:

1985	$55,317
1986	65,955
1987	54,350
1988	28,111
1989	8,385
	$212,118

3. Purchase of Land

Title to land acquired has been taken in the name of Her Majesty the Queen in Right of Canada.

4. Site Redevelopment

Capital Receipts

Funds received on account of development rights are held in trust to be remitted to the Harbourfront Capital Account within the Consolidated Revenue Funds of the Government of Canada.

The unpaid capital amounts are not recorded in these financial statements. Such funds will be remitted to the Harbourfront Capital Account.

Interest Income Under Development Agreements

Interest is earned on upaid capital amounts due under development agreements. Such interest is part of the operating revenues of the Corporation.

5. Capital Improvements Fund

Contributions from Public Works Canada are received in instalments based on projected expenditures. The balance of unused funds received on account of the capital expenditure budget is carried forward as the 'Capital Improvements Fund'.

6. Special Recovery Capital Projects Program Fund

'SRCPP' funding is for specific projects; the balance in this fund is reserved for the completion of the approved projects.

HARBOURFRONT CORPORATION—*Concluded*

SPECIAL RECOVERY CAPITAL PROJECTS PROGRAM FUND
FOR THE YEAR ENDED MARCH 31, 1984

Receipts	
Contributions — Public Works Canada	$8,532,000
Interest Income	100,638
	8,632,638
Expenditures	
Parking Garage	4,857,950
Ice Rink	867,426
Spadina Pier	154,383
Queens Quay West Improvements	49,059
Water's Edge	28,388
Peter Slip Bridge	108,209
York Quay Centre Improvements	27,966
Art Centre	33,486
Overhead Expenses	380,405
	6,507,272
Fund Balance at March 31, 1984	$2,125,366

SUMMARY PAGE

LAURENTIAN PILOTAGE AUTHORITY

MANDATE:

To establish, operate, maintain and administer in the interests of safety an efficient pilotage service in the St. Lawrence River between Les Escoumins and the north end of the St. Lambert lock, in the Saguenay River and in the Bay of Chaleur.

BACKGROUND:

Established in 1972, the Authority provides pilotage services and has the power to make regulations, subject to the approval of the Governor in Council, which establish compulsory pilotage areas; prescribe the ships/classes of ships that are subject to compulsory pilotage, the circumstances under which compulsory pilotage may be waived and pilotage tariffs; and which cover the licensing of pilots and issuance of pilotage certificates. Tariffs must be fair and reasonable and sufficient to permit the Authority to operate on a self-sustaining financial basis.

CORPORATION DATA:

HEAD OFFICE:	Room 1804 1080 Beaver Hall Hill Montreal, Quebec H2Z 1S8
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Established pursuant to the *Pilotage Act* (SC 1970-71-72, Chap. 52) which was proclaimed to come into force on February 1, 1972.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Paul Bailly
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	5.1	5.2	5.4	5.1
Obligations to the private sector	0.4	0.1	nil	nil
Obligations to Canada	nil	nil	nil	nil
Equity of Canada	(0.1)	0.3	1.1	1.1
Cash from Canada in the year				
— budgetary	1.4	1.0	nil	nil
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

LAURENTIAN PILOTAGE AUTHORITY

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of Laurentian Pilotage Authority as at December 31, 1983 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Authority as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 10, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
	$	$
Current		
Cash and term deposits	2,452	934,357
Accounts receivable	3,928,628	3,421,094
	3,931,080	4,355,451
Fixed (Note 3)		
Land, buildings, pilot boats and other facilities	1,937,705	1,565,658
Less: accumulated depreciation	707,588	540,392
	1,230,117	1,025,266
	5,161,197	5,380,717

LIABILITIES	1983	1982
	$	$
Current		
Bank loan	100,000	
Accounts payable	4,205,845	3,764,132
	4,305,845	3,764,132
Provision for employee termination benefits	596,000	530,000
	4,901,845	4,294,132
EQUITY OF CANADA (Note 8)		
Contributed capital	278,128	278,128
Retained earnings (deficit)		
Appropriated as a reserve for the renewal and the acquisition of major fixed assets		808,457
Unappropriated	(18,776)	
	(18,776)	808,457
	259,352	1,086,585
	5,161,197	5,380,717

Approved by the Authority:

PAUL BAILLY
Chairman

YVON MATTE
Member

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Revenues		
Pilotage charges	23,795,763	22,947,744
Interest and other revenues	155,147	176,685
	23,950,910	23,124,429
Expenses		
Pilots' fees, salaries and benefits	19,881,571	18,281,212
Operating costs of pilot boats	2,398,199	2,417,784
Staff salaries and benefits	1,541,077	1,622,036
Rentals	241,946	167,017
Professional services and members' allowances	239,516	228,872
Communications	228,754	152,092
Travel	80,418	82,604
Utilities, material and supplies	55,071	69,127
Maintenance	43,743	30,249
Bad debts	2,143	65,627
Other	110,176	116,167
	24,822,614	23,232,787
Net loss for the year	871,704	108,358

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Retained earnings appropriated as a reserve for the renewal and the acquisition of major fixed assets		
Balance at beginning of the year	808,457	774,114
Appropriation (released) for the year	(808,457)	34,343
Balance at end of the year		808,457
Unappropriated		
Retained earnings at beginning of the year		
Net loss for the year	(871,704)	(108,358)
Services provided without charge by government departments	44,471	142,701
Release of (appropriated as a) reserve for the renewal and the acquisition of major fixed assets	808,457	(34,343)
Deficit at end of the year	(18,776)	
Retained earnings (deficit) at end of the year	(18,776)	808,457

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Sources of funds		
Operations		
Net loss for the year		(108,358)
Items not requiring an outlay of funds		
Depreciation		144,979
Services provided without charge by government departments		142,701
Increase in the provision for employee termination benefits		64,000
		243,322
Application of funds		
Operations		
Net loss for the year	871,704	
Items not requiring an outlay of funds		
Depreciation	(167,196)	
Increase in the provision for employee termination benefits	(66,000)	
Services provided without charge by government departments	(44,471)	
	594,037	
Acquisition of fixed assets	372,047	3,852
	966,084	3,852
Increase (decrease) in working capital	(966,084)	239,470
Working capital at beginning of the year	591,319	351,849
Working capital (deficiency) at end of the year	(374,765)	591,319

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1983

1. Authority and activities

The Laurentian Pilotage Authority was established on February 1, 1972 under the Pilotage Act. Its objectives are to establish, operate, maintain and administer in the interests of safety an efficient pilotage service within certain designated Canadian waters in and around the Province of Quebec. The Act provides that pilotage tariffs shall be fair and reasonable and assure a revenue which, together with any revenue from other sources, is sufficient to permit the Authority to operate on a self-sustaining basis.

2. Significant accounting policies

Fixed assets

Fixed assets obtained from Canada when the Authority was established were recorded at the then assigned values. Purchases of fixed assets acquired subsequently by the Authority are recorded at cost.

Fixed assets are depreciated using the straight-line method, at rates based on the estimated useful lives of the assets.

Contributed capital

The values assigned to the fixed assets obtained from Canada when the Authority was established and the cost of fixed assets financed from parliamentary appropriations are recorded as contributed capital.

Services provided without charge

Estimated amounts for services provided without charge by government departments are included in expenses with an offset to retained earnings.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

Pension plan

Employees of the Authority participate in the Superannuation Plan administered by the Government of Canada. The employees and the Authority contribute equally to the cost of the Plan. This contribution represents the total liability of the Authority. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

Employee termination benefits

On termination of employment, employees of the Authority are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

Income tax

The Authority is not subject to any income taxes.

3. Fixed assets

Details of fixed assets are as follows:

	1983			1982
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land	9,300		9,300	9,300
Buildings	23,622	19,986	3,636	5,314
Pilot boats	1,231,077	384,671	846,406	604,275
Furniture and fixtures	48,011	37,418	10,593	12,705
Communications equipment	187,003	93,630	93,373	80,951
Boarding facilities	191,864	73,037	118,827	132,984
Wharf improvements	169,033	25,355	143,678	152,130
Automobiles	43,039	38,735	4,304	17,216
Leasehold improvements	34,756	34,756		10,391
	1,937,705	707,588	1,230,117	1,025,266

Depreciation for the year is $167,196 ($144,979 in 1982).

The estimated useful lives for the principal categories of fixed assets for the purposes of calculating depreciation are as follows:

Buildings	20 years
Pilot boats	10, 15 and 20 years
Furniture and fixtures	10 years
Communications equipment	10 years
Boarding facilities	10 and 20 years
Wharf improvements	20 years
Automobiles	4 years
Leasehold improvements	duration of the leases

4. Pension plan

The estimated unrecorded liability for employees' past services is $122,300 as at December 31, 1983 ($169,500 as at December 31, 1982).

5. Contingent liability

During 1982, following a stoppage of pilotage services, a lawsuit for $235,000 was brought against the Authority. An estimate of any loss that may arise as a result of this litigation cannot be made and no provision has been recorded in the accounts.

6. Contingent gain

During 1983, one of the Authority's pilot boats responded to the rescue call of a ship in distress. The Authority has submitted a claim for a reward, the amount of which cannot be determined at this time. The Authority will account for any income that may derive from this claim, when it is received, as an extraordinary item.

7. Trust account

During the year, the Authority entered into agreements with representatives of the users of the pilotage service for the conveyance of pilots at Quebec City and Trois-Rivières whereby a surcharge is levied. Concurrently, the Authority has agreed to pay the pilot boat operators, in addition to other contractual amounts for its own account, supplementary amounts to ensure continuous services. These surcharges so levied, net of payments made to operators, are held by the Authority in a trust account.

At December 31, 1983, the amount available in the trust account is $73,991 and the maximum amount remaining to be paid is $70,260. Any excess will be returned to the users of the service.

8. Subsequent event

On February 2, 1984, Treasury Board approved a temporary allotment of $1,115,000 from its vote 5, Government Contingencies, prior to the release of supply for 1983-84 Supplementary Estimates "C", to cover the excess of expenditures over the revenue during the calendar year 1983. Any amount received therefrom by the Authority will be credited to the Equity of Canada.

SUMMARY PAGE

LOTO CANADA INC.

MANDATE:

To conduct and manage a national lottery.

BACKGROUND:

The corporation is inactive. Legislation was introduced in the House of Commons on November 7, 1984 to authorize the dissolution of the corporation.

CORPORATION DATA:

HEAD OFFICE:	255 Albert Street Ottawa, Ontario K1G 3Z4
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Jake Epp, P.C., M.P.
DEPARTMENT:	National Health and Welfare
DATE AND MEANS OF INCORPORATION:	Incorporated under the *Canada Business Corporations Act in 1976.*
CHIEF EXECUTIVE OFFICER:	Hugh Mullington
CHAIRMAN:	Vacant
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	15.4	14.4	13.1
Obligations to the private sector	nil	nil	nil
Obligations to Canada	15.2	14.2	13.1
Equity of Canada	negl.	negl.	negl.
Cash from Canada in the period			
— budgetary	nil	nil	nil
— non-budgetary	nil	nil	nil

LOTO CANADA INC.

AUDITOR'S REPORT

THE HONOURABLE JAKE EPP, P.C., M.P.
MINISTER OF NATIONAL HEALTH AND WELFARE

I have examined the balance sheet of Loto Canada Inc. as at March 31, 1984 and the statement of income and expense for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the change in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers except for the payments made for the research and development of the sports pool scheme referred to in Note 2 to the financial statements. As at March 31, 1984, the cumulative total of such payments amounts to $2,139,163 of which $1,281,914 has been recovered. In my opinion, these payments were not authorized by the Corporation's Articles of Incorporation, which restrict the business that the Corporation may conduct and manage, and thus, they were contrary to the provisions of the Canada Business Corporations Act.

I wish to bring to the attention of Parliament that although Loto Canada Inc. terminated its lottery operations effective December 31, 1979, it has still not arranged the transfer of funds due to the Receiver General for Canada. Further, in addition to the amounts spent on the research and development of the sports pool scheme referred to above, it has spent a total of $883,540 on administration expenses for the fiscal years ended March 31, 1982, 1983 and 1984. While the scope of its operations have been reduced in the current year, I remain concerned about the continued costs of delay in winding up this Corporation.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 31, 1984

BALANCE SHEET
AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Cash and short-term deposits	14,853,676	13,970,062
Due from Canada (Note 2)	400,314	400,314
Due from the Canadian Sports Pool Corporation	65,279	
Accrued interest	57,646	12,449
Accounts receivable		
—Officer	6,500	6,500
—Other		1,408
Prepaid expenses		8,859
	15,383,415	14,399,592

LIABILITIES	1984	1983
	$	$
Accounts payable		
—Labour Canada	163,957	132,091
—Other	7,978	17,617
Due to Receiver General for Canada (Note 3)	15,211,479	14,249,883
	15,383,414	14,399,591
CAPITAL STOCK		
One common share authorized, issued and fully paid	1	1
	15,383,415	14,399,592

Approved by the Board of Directors:

A. LIZOTTE
Director

JOHN GOW
Director

LOTO CANADA INC.—*Continued*

STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Interest income	1,353,707	1,805,905
Expense		
Professional fees	163,055	480,147
Salaries and employee benefits	161,910	178,915
Travel and hospitality	73,091	148,390
Building rental and maintenance	54,905	62,024
Office supplies and equipment rental	42,075	41,520
Telephone	20,983	54,637
Directors fees	9,750	5,500
Settlement of claims	210	10,066
Other	325	2,530
	526,304	983,729
Less: expenses allocated to Canada	181,449	580,195
Canadian Sports Pool Corporation	134,193	
	315,642	580,195
provision for unbilled expenses	181,449	176,625
	134,193	403,570
	392,111	580,159
Net income for the year (Note 3)	961,596	1,225,746

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Termination of lottery operations

Loto Canada Inc. was incorporated under the Canada Business Corporations Act in 1976 and is an agency Crown corporation named in Schedule C to the Financial Administration Act. The Corporation's objective was to conduct and manage a national lottery in accordance with the National Lottery Regulations as authorized by the Criminal Code.

In August 1979, federal and provincial government representatives signed a document whereby Loto Canada Inc. would withdraw from the sale of lottery tickets effective December 31, 1979 and the Government of Canada would cause the Corporation to be wound up after that date as quickly as legal, financial and administrative requirements permit. The Shareholder directed the Board of Directors to commence the orderly wind-up of the operations effective August 21, 1979. The lottery operations were terminated effective December 31, 1979 and the right to claim prizes expired on December 31, 1980. At its July 7, 1983 meeting, the Board of Directors passed a resolution to commence immediately the final wind-up procedures of the Corporation. At March 31, 1984, these procedures had not been finalized.

2. Due from Canada

Since January 1981, the Corporation has been financing research on gaming concepts including research and development of a sports pool scheme. In August 1981, Cabinet decided that this sports pool scheme would be operated by a new federal agency. In January 1982 the Board of Directors of Loto Canada Inc. reconfirmed that the Corporation would continue to seek full reimbursement for monies expended on research and development of the sports pool scheme. The research on gaming concepts financed by the Corporation formed the basis of documentation leading to the passage of the Athletic Contests and Events Pools Act by Parliament on June 29, 1983, and the establishment of the Canadian Sports Pool Corporation (CSPC) with effect from October 20, 1983. Subsequent to the latter date, the Corporation incurred certain expenses on behalf of and which are recoverable from CSPC.

Legal opinions have been obtained with respect to the statutory powers of the Corporation to finance the research and development of a sports pool scheme. While the legal opinions obtained differ, the Corporation takes the position that this financing was a business decision within the general powers of the Corporation and in support of the intention of the federal government.

The balance due from Canada is made up as follows:

	1984	1983
	$	$
Recoverable expenses for sports pool scheme	785,470	604,021
Less: provision for unbilled expenses	385,156	203,707
Balance at end of the year	400,314	400,314

The recovery of the amount of $385,156 in unbilled expenses is contingent on the approval of Treasury Board. Treasury Board had delayed reimbursement of the recoverable expenses of $400,314 as at December 1982 pending the outcome of an investigation by the Department of Justice and the Office of the Comptroller General. The investigation continues.

3. Due to Receiver General for Canada

	1984	1983
	$	$
Balance at beginning of the year		
As previously reported	14,381,974	13,108,376
Adjustment of prior years' expenses (Note 6)	132,091	84,239
As restated	14,249,883	13,024,137
Net income for the year	961,596	1,225,746
Balance at end of the year	15,211,479	14,249,883

4. Related party transactions

Professional fees paid for research and development of the sports pool scheme described in Note 2 included $28,000 to December 1984 ($297,000 in 1983) paid to a firm owned and operated by a member of management.

The two members of the Board of Directors of Loto Canada Inc. are also members of the Board of Directors of the Canadian Sports Pool Corporation. The General Manager and Corporate Secretary of Loto Canada Inc. are also officers of CSPC.

Transactions with the Government of Canada and the Canadian Sports Pool Corporation are disclosed elsewhere in these financial statements.

5. Contingent liability

In 1980, certain ticket wholesalers who were operating in the Province of Ontario commenced legal proceedings against the Corporation for alleged damages in the amount of $4,175,000 plus costs. This litigation continues to be contested and its outcome is unknown at this time. Any settlement resulting from the resolution of the contingency will be accounted for as a charge to income of the period in which the settlement occurs.

LOTO CANADA INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

6. Adjustment of prior years' expenses

   As a result of a decision by Labour Canada to bill Loto Canada in 1983-84 for certain management services for the period April 1980 to November 1983, part of which has been allocated to the Government of Canada, the balance due to Canada at April 1, 1983 has been adjusted by $132,091. Of this amount, $47,852 is applicable to 1982-83 and has been charged to income for that year. The remaining $84,239 is applicable to the years prior to April 1, 1982 and the balance due to Canada at that date has been adjusted accordingly.

7. Services provided without charge

   The Canadian Sports Pool Corporation has provided Loto Canada Inc. without charge with certain administrative services. The cost of these services is not included in the financial statements.

8. Comparative figures

   Certain figures for 1983, presented for comparative purposes, have been restated to conform to the 1984 presentation.

SUMMARY PAGE

MINGAN ASSOCIATES, LTD.

MANDATE:

To purchase land for eventual disposition.

BACKGROUND:

Ownership of the company was purchased for Canada in 1983 to obtain the land and fishing rights it owns. Those are to be converted into (Indian) reserve property after which the company would be dissolved. First, however, a suit launched by the Province of Quebec asserting its prior rights to the land must be resolved.

CORPORATION DATA:

HEAD OFFICE:	10 Wellington Street 18th Floor Les Terrasses de la Chaudière Hull, P.Q. K1A 0H4
STATUS:	— Schedule C, Part I — not an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable David Crombie, P.C., M.P.
DEPARTMENT:	Indian Affairs and Northern Development
DATE AND MEANS OF INCORPORATION:	Order in Council 1983-4029; a corporation under Part 1A of the *Quebec Companies Act*.
CHIEF EXECUTIVE OFFICER:	F. Singleton, Director, Department of Indian Affairs and Northern Development
CHAIRMAN:	Vacant
AUDITOR:	Thorne, Riddell

FINANCIAL SUMMARY:

This is not an operating company. Total assets have only nominal value.

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1984
WERE NOT AVAILABLE AT DATE OF PRINTING THEREFORE
STATEMENTS OF THE PREVIOUS YEAR ARE PRESENTED HERE

MINGAN ASSOCIATES, LTD.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LES ASSOCIÉS MINGAN, LTÉE/
MINGAN ASSOCIATES, LTD.

We have examined the balance sheet of Les Associés Mingan, Ltée/Mingan Associates, Ltd. as at December 31, 1982 and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, this balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1982 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL
Chartered Accountants

Montreal, Canada
March 17,1983

BALANCE SHEET AS AT DECEMBER 31, 1982

ASSETS	1982	1981
Cash	$ 19	$ 21
Property, at cost (see note)	43,200	43,200
	$43,219	$43,221

LIABILITIES AND SHAREHOLDERS' EQUITY	1982	1981
Payable to Parent Company	$ 7	$ 9
Capital Stock Authorized		
50,000 Shares of no par value		
Issued		
21,606 Shares	43,212	43,212
	$43,219	$43,221

NOTE TO FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 1982

Property

The company has leased the property to its parent company, Mingan Associates, Inc., which has, in lieu of rental, agreed to pay all costs and expenses concerned with the operations of the property and the company.

No depreciation on buildings located on the property has been provided for in the accounts.

SUMMARY PAGE

MONTREAL PORT CORPORATION

MANDATE:

Administration, management and control of the Montreal harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, The National Harbours Board.

BACKGROUND:

The Montreal Port Corporation was established on July 1, 1983 pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of The National Harbours Board and, since February 1983, the Canada Ports Corporation. The Port of Montreal is the largest on the east coast of Canada and handles more diversified traffic than any of the other ports previously administered by the Canada Ports Corporation. The Port handled 23.8 million tonnes of cargo in 1984 including 5.8 million tonnes of grain and 4.1 million tonnes of containerized cargo.

CORPORATION DATA:

HEAD OFFICE:	Edifice du Port de Montréal Aile No. 1 Cité du Havre Montréal, P.Q. H3C 3R5
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	July 1, 1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 6.2(1) of the *Canada Ports Corporation Act.*
CHIEF EXECUTIVE OFFICER:	Dominic J. Taddeo
CHAIRMAN:	Roméo Boyer
AUDITOR:	Samson Belair

FINANCIAL SUMMARY: $ million; the financial year ends December 31.

	1984	Six months ending December 31, 1983
At the end of the period:		
Total Assets	237.2	213.6
Obligations to the private sector	nil	nil
Obligations to Canada	239.5	240.1
Equity of Canada	(22.1)	(48.9)
Cash from Canada in the period		
— budgetary	nil	nil
— non-budgetary	nil	nil

MONTREAL PORT CORPORATION

AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF THE
MONTREAL PORT CORPORATION

We have examined the statements of income and deficit and changes in financial position of the Montreal Port Corporation for the fiscal year of six months ended December 31, 1983 and its balance sheet at that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the results of operations and the changes in the financial position of the Corporation for the fiscal year of six months ended December 31, 1983 and its financial position at that date in accordance with generally accepted accounting principles.

We further report that, in our opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith.

SAMSON BÉLAIR
Chartered Accountants

Montreal, March 15, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983
Current	
Cash	820
Investments (Note 3)	52,115
Accounts receivable	9,699
Materials and supplies	797
	63,431
Long-term	
Investments (Note 3)	39,259
Amounts receivable (Note 4)	1,023
	40,282
Fixed (Note 5)	109,904
	213,617

LIABILITIES	1983
Current	
Accounts payable and accrued liabilities (Note 6)	11,133
Grants in lieu of municipal taxes	6,540
	17,673
Long-term	
Accrued employee benefits	5,331
Loans from Canada (Note 7)	239,527
	244,858
EQUITY OF CANADA	
Contributed capital	19,243
Deficit	(68,157)
	(48,914)
	213,617

On behalf of the Board:

ROMÉO BOYER
Chairman

DOMINIC J. TADDEO
General Manager and
Chief Executive Officer

STATEMENT OF INCOME AND DEFICIT FOR THE SIX MONTHS ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983
Revenue from operations	30,714
Operating and administrative expenses	18,074
Depreciation	2,586
Grants in lieu of Municipal Taxes	2,158
Interest expense on loans from Canada	282
	23,100
Net income from operations	7,614
Investment income	4,545
Net income	12,159
Deficit transferred from Canada Ports Corporation (Note 1)	80,316
Deficit at the end of the year	68,157

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE SIX MONTHS ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983
Funds provided	
Operations	
Net income	12,159
Items not requiring an outlay of funds	
Depreciation	2,586
Other	63
	14,808
Proceeds on sale of long-term investment	6,814
Other	68
	21,690
Funds employed	
Additions to investments	7,661
Additions to fixed assets	4,864
Loans from Canada currently payable	301
	12,826
Increase in working capital	8,864
Working capital	
Transferred from Canada Ports Corporation (Note 1)	36,894
Working capital at the end of the year	45,758

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 1983

1. Status

The Port of Montreal was previously under the jurisdiction of the Canada Ports Corporation, formerly the National Harbours Board; as at July 1, 1983, the Montreal Port Corporation was incorporated by letters patent in accordance with paragraph 6.2(1) of the Canada Ports Corporation Act.

Following section 6.5 of the Canada Ports Corporation Act, on the establishment of a local port corporation, all rights, obligations and liabilities of the Canada Ports Corporation in relation to that harbour shall become rights, obligations and liabilities of the local port corporation, as it is for the Montreal Port Corporation.

Total transfer of assets less assumed liabilities resulted as of July 1, 1983 in an excess of liabilities over assets represented by contributed capital of $19,243,000 and a deficit in the amount of $80,315,689. The working capital at July 1, 1983 amounted to $36,894,158.

Fixed assets were recorded at their original cost with related accumulated depreciation and the investments are recorded at their original cost plus amortized discount or less amortized premiums.

2. Significant accounting policies

(a) Fixed assets and accumulated depreciation

The fixed assets are recorded at original cost with related accumulated depreciation transferred from Canada Ports Corporation; subsequent acquisitions are recorded at cost. Depreciation is calculated on the straight-line method for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(b) Pension costs

All permanent employees of the Montreal Port Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada.
Contributions to the plan are required from both the employees and the Montreal Port Corporation. These contributions represent the total liability of the Montreal Port Corporation and are recognized in the accounts on a current basis.

(c) Insurance

The Montreal Port Corporation assumes substantially all risks against fire and general perils, as well as for workmen's compensation claims. Any costs arising from these risks are recorded in the accounts in the year incurred.

(d) Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Montreal Port Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements, or in accordance with Montreal Port Corporation policy.

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 1983—*Concluded*

3. Investments

Funds are invested in Government of Canada direct and guaranteed securities which are shown at amortized cost, with premiums or discounts amortized over the periods to maturity. The market value of the short-term investments represents its amortized cost, as that of the long-term investments is $37,890,394.

4. Amounts receivable

Long-term amounts receivable become due over periods from 6 to 24 years at interest rates varying from 5¼% to 8% and are secured by hypothec.

5. Fixed assets

(a) Summary

	Depreciation rate %	Cost	Accumulated depreciation	Net
		(in thousands of dollars)		
Land		20,017		20,017
Dredging	2.5	15,188	11,025	4,163
Berthing structures	2.5	65,274	42,495	22,779
Buildings	2.5	69,861	37,046	32,815
Utilities	5	12,217	6,485	5,732
Roads and surfaces	2.5-10	16,760	8,476	8,284
Machinery and equipment	5-20	36,013	26,945	9,068
Office furniture and equipment	20	665	456	209
		235,995	132,928	103,067
Projects under construction		6,837		6,837
		242,832	132,928	109,904

(b) In 1979, the National Harbours Board through the port of Montreal effected a land transfer to the Canada Mortgage and Housing Corporation which land is presently being utilized by Le Vieux-Port de Montréal. The book value amounted to $7,971,000 and the transaction was recorded without profit nor loss. The port of Montreal received total consideration of $9,175,000, being $3,500,000 in cash and land recorded in its books at $5,675,000. As at December 31, 1983, the Corporation recorded under current liabilities the related difference of $1,204,000.

In 1981 as well as in 1983, additional assets were transferred to Public Works Canada. These transfers had not yet received the approval of Treasury Board as at December 31, 1983, and even if those fixed assets are under management of Le Vieux-Port de Montréal, they were not written off the books of the Corporation as at December 31, 1983. The original cost of these fixed assets is $28,652,372 with a corresponding net book value of $2,822,967.

As at December 31, 1983, the consideration for the related transfers that had not yet received the approval of the Treasury Board amounted to $12,000,000 for which settlement is actually in process. An amount of $1,200,000 was received and recorded under current liabilities of the Corporation as at December 31, 1983.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are amounts for deferred revenues for $272,330 and for the current portion of long-term liabilities for $583,545.

7. Loans from Canada

	(in thousands of dollars)
Loans bearing interest at 6.25% with blended annual principal interest repayment requirements of $842,561 and maturing in 2000	8,954
Less: current portion	584
	8,370
Non-interest bearing loans with indefinite due date	132,995
Accrued interest on loans not due nor payable	98,162
	239,527

Principal repayment requirements over the next five years amount to:

	$
1984	583,545
1985	319,403
1986	339,365
1987	360,576
1988	383,112

8. Contingencies

Claims aggregating approximately $6,700,000 in respect of lawsuits, guarantees, employee agreements, damage allegedly suffered on the Montreal Port Corporation property and sundry other matters in dispute have been made against the Montreal Port Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material financial liability.

9. Capital expenditure commitments

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $10,800,000.

10. Related party transactions

In the ordinary course of business, the Corporation enters into transactions with related parties, including the Government of Canada, its agencies and other Crown corporations.

The Corporation derives revenues from related parties principally of grain warehousing and switching charges. The expenses paid to related parties are principally administration fees.

SUMMARY PAGE

NATIONAL CAPITAL COMMISSION

MANDATE:

To prepare plans for and assist in the development, conservation and improvement of the National Capital Region.

BACKGROUND:

Funding from Canada to the Commission has included loans for the purchase of property but mostly is budgetary funding. The Commission's own revenues meet about nine percent of its expenses.

CORPORATION DATA:

HEAD OFFICE:	161 Laurier Avenue West 14th Floor Ottawa, Ontario K1P 6J6
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Roch LaSalle, P.C., M.P.
DEPARTMENT:	Public Works
DATE AND MEANS OF INCORPORATION:	*National Capital Commission Act* 1958 (RSC 70, Chap. N-3). Canada has owned this corporation since 1899 with the creation then of the Ottawa Improvement Commission (1899-1927) succeeded by the Federal District Commission (1927-1958).
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Jean Pigott
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	411.6	389.3	391.9
Obligations to the private sector	nil	nil	nil
Obligations to Canada	31.1	31.1	40.9
Equity of Canada	344.5	330.1	313.4
Cash from Canada in the year			
— budgetary	86.6	82.2	97.8
— non-budgetary	nil	nil	0.2

NATIONAL CAPITAL COMMISSION

AUDITOR'S REPORT

THE HONOURABLE ROMÉO LEBLANC, P.C., M.P.
MINISTER OF PUBLIC WORKS

I have examined the balance sheet of the National Capital Commission as at March 31, 1984 and the statements of operations, proprietor's equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Commission as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

EDWARD R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Current		
Cash and short-term deposits	45,258	34,020
Accounts receivable		
Federal government departments and agencies	415	403
Tenants and others	1,293	1,416
Operating supplies, small tools and nursery stock	687	740
Prepaid expenses	1,046	998
	48,699	37,577
Capital		
Real property (Note 3)	352,188	341,906
Equipment, furniture and vehicles	10,683	9,769
	362,871	351,675
	411,570	389,252

LIABILITIES	1984	1983
Current		
Accounts payable and accrued liabilities	28,729	20,854
Unsettled expropriations of property	1,665	1,871
Holdbacks and deposits from contractors and others	1,155	1,203
	31,549	23,928
Long-term		
Loans from Canada (Note 4)	31,104	31,122
Accrued employee termination benefits	4,399	4,073
	35,503	35,195
EQUITY OF CANADA		
Proprietor's equity	344,518	330,129
	411,570	389,252

Approved by the Commission:

C. M. DRURY
Chairman

A. G. MARTIN
Commissioner

NATIONAL CAPITAL COMMISSION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984				1983
	Operating	Capital	Grants and Contributions	Total	Total
Revenues					
Parliamentary appropriations	43,637	33,529	9,384	86,550	82,200
Property revenues	5,873			5,873	5,892
Interest income	1,122	846		1,968	3,694
Miscellaneous	995			995	791
	51,627	34,375	9,384	95,386	92,577
Expenditures					
Land Development	14,445	7,106	9,028	30,579	33,785
Recreation and Culture	23,985	7,106	91	31,182	27,399
Transportation		15,206		15,206	7,377
Administration and Finance	13,527	553		14,080	13,388
Services and Utilities		1,850		1,850	6,413
Policy Development	2,104	1		2,105	1,977
	54,061	31,822	9,119	95,002	90,339
Excess (deficiency) of revenues over expenditures	(2,434)	2,553	265	384	2,238

STATEMENT OF PROPRIETOR'S EQUITY
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Balance at beginning of the year	330,129	313,355
Excess of revenues over expenditures	384	2,238
Capitalized expenditures (Note 2)	11,313	14,574
Net Gain (loss) on disposal of capital assets	1,885	(38)
Adjustment of provision for land transfer at less than cost (Note 3)	807	
Balance at end of the year	344,518	330,129

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Funds provided		
Excess of revenues over expenditures	384	2,238
Add items not requiring funds	326	683
	710	2,921
Proceeds on disposal of capital assets	2,909	10,118
Decrease in unsettled expropriations of property	206	929
	3,825	13,968
Funds applied		
Acquisition of real property to be financed by loans from Canada	306	5
Repayment of loans from Canada	18	9,752
	324	9,757
Increase in working capital	3,501	4,211
Working capital at beginning of the year	13,649	9,438
Working capital at end of the year	17,150	13,649

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and objectives

The National Capital Commission was established by the National Capital Act, 1958 and is an Agency Corporation under the Financial Administration Act. The objects and purposes of the Commission are to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance.

2. Accounting policies

(a) Basis of accounting

The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles except for the accounting policies relating to capital assets which are explained below.

(b) Capital assets

(i) Capital expenditures
Capital expenditures in the Statement of Operations include those which increase the value of capital assets as well as expenditures for surveys, studies and contributions to shared cost programs.

(ii) Real property
Only those expenditures producing Commission-owned real property are capitalized. Capitalization is at cost. The cost of real property does not include interest on loans to finance the acquisitions thereof. Gains or losses on disposal of real property are reflected in the Statement of Equity and no depreciation is recorded.

(iii) Equipment, furniture and vehicles
Equipment, furniture and vehicles are recorded at cost. Losses, which are recognized only at the time of destruction or disposal, are reflected in the Statement of Equity. No depreciation is recorded.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

(c) Operating supplies, small tools and nursery stock

Operating supplies and small tools are carried at most recent cost. Nursery stock is valued at estimated replacement cost less an allowance for overhead, balling and packaging expenses.

(d) Pension plan

The Commission's employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. Contributions to the Plan are made by both the employees and the Commission.

(e) Employee termination benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. Provision for these benefits is recorded as a liability.

3. Real property

The following are the major categories of real property at March 31:

	1984	1983
	(in thousands of dollars)	
Greenbelt	50,800	49,854
Parkways	67,324	66,741
Parks	38,627	36,278
Bridges and approaches	25,103	25,049
Historic sites	14,710	12,449
Recreational facilities	9,048	5,787
Rental and agency properties	137,254	137,396
Unsettled expropriations	1,665	1,871
Administration and service buildings	9,737	9,368
	354,268	344,793
Less provision for transfers at less than cost	2,080	2,887
	352,188	341,906

Provision for transfers at less than cost pertains to property to be transferred in accordance with agreements with the Province of Quebec for lands to be given free of charge for approaches to the Macdonald-Cartier Bridge and for the transfer for $1 of lands to be used as a right-of-way for Highway 550.

4. Loans from Canada

The Commission purchased certain real property out of funds advanced from the Consolidated Revenue Fund of Canada by way of loans authorized by Parliament, upon terms and conditions approved by the Governor in Council.

Interest on these loans is payable semi-annually at rates varying from 4.75% to 9.125% and averaging 7.0% (1983—6.1%). Interest expense in the year ended March 31, 1984 amounted to $2.2 million (1983—$2.3 million). No dates for repayment are specified except that loans, and interest, are required to be repaid at the time of disposal of the properties financed by these loans. For non-greenbelt properties, the proceeds are to be used to repay relevant loans in full and any excess proceeds are to repay other outstanding loans; and for greenbelt properties, the excess of proceeds over acquisition cost are to be used to repay other outstanding loans.

5. Commitments

(a) Subject to funds being authorized by Parliament, the Commission is committed to make contributions to other levels of government as follows:

(i) Province of Quebec, one-half of the cost of a road network within the National Capital Region. The Commission's commitment is $128.5 million of which $111.5 million has been expended;

(ii) Province of Quebec and the Outaouais Regional Community, one-third of the cost of a regional sewage disposal system. The Commission's commitment is $52.4 million of which $51.3 million has been expended;

(iii) Regional Municipality of Ottawa-Carleton and the City of Ottawa, a contribution towards the cost of the Rideau Area development. The Commission's commitment is $11.4 million of which $10.7 million has been expended; and

(iv) Regional Municipality of Ottawa-Carleton, one-half of the cost of a new bridge across the Rideau River in the Hunt Club Road-Knoxdale Road area. The Commission's commitment is $7.0 million of which $1.1 million has been expended.

(b) The Commission has entered into agreements for computing services and leases of equipment and office space. Annual payments under these agreements are approximately as follows:

	(in thousands of dollars)
1984-85	1,416
1985-86	888
1986-87	55
1987-88	48
	2,407

6. Contingencies

(a) Litigations

Claims have been made against the Commission totalling approximately $145 million for alleged wrongful termination of certain agreements; and other alleged damages. The final outcome of these claims is not determinable. However, in the opinion of management and legal counsel, the position of the Commission is defensible and any payments required to settle these claims will not materially affect the financial position of the Commission. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the settlement occurs.

(b) Agreement with a Province

In 1961, the Commission entered into an agreement whereby the Province of Ontario established and maintains 2,654 hectares (6,557 acres) of forest. When the agreement expires in 2011, or is terminated, the Commission will reimburse the Province for the excess of expenses over revenues, or the Province will pay the Commission the excess of revenues over expenses. At March 31, 1983, expenses exceeded revenues by $0.98 million, and is not reflected in the accounts of the Commission.

7. Comparative figures

Certains figures for 1983 presented for comparative purposes have been restated to conform to the 1984 presentation.

SUMMARY PAGE

NORTHERN CANADA POWER COMMISSION

MANDATE:

To plan, construct and operate on a self-sustaining basis, public utilities in the Northwest Territories and the Yukon Territory and, subject to approval of the Governor in Council, elsewhere in Canada.

BACKGROUND:

Since 1948 the Commission has developed power generation and distribution north of latitude 60°. Recent excess capacity resulting from the severely depressed state of the local economy has made it necessary for government to relieve the Commission of some interest obligations to sustain its financial health. The territorial economies are volatile and that has continuing implications for infrastructure enterprises such as the Commission.

CORPORATION DATA:

HEAD OFFICE:	7909 — 51st Avenue P.O. Box 5700 Station L Edmonton, Alberta T6C 4J8
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable David Crombie, P.C., M.P.
DEPARTMENT:	Indian Affairs and Northern Development
DATE AND MEANS OF INCORPORATION:	In 1948, by the *Northwest Territories Power Commission Act* (amended as *Northern Canada Power Commission Act*, RSC 70, Chapter N-21)
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	James Smith
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	270.4	251.7	212.3
Obligations to the private sector	nil	nil	nil
Obligations to Canada	249.9	239.6	206.3
Equity of Canada	8.9	3.1	(4.2)
Cash from Canada in the period			
— budgetary	negl.	negl.	1.9
— non-budgetary, net	17.1	32.7	3.4

NORTHERN CANADA POWER COMMISSION

AUDITOR'S REPORT

THE HONOURABLE JOHN CARR MUNRO, P.C., M.P.
MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

I have examined the balance sheet of Northern Canada Power Commission as at March 31, 1984 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Commission as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

RAYMOND DUBOIS, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 1, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Property and equipment		
In service (Note 3)	229,892	170,256
Projects under construction	248	37,788
	230,140	208,044
Current		
Cash and term deposits	12,345	19,850
Accounts receivable		
Utilities	10,728	10,056
Other	3,808	1,911
Inventories		
Fuel and lubricants	11,145	9,526
Other supplies	2,253	2,360
	40,279	43,703
	270,419	251,747

LIABILITIES	1984	1983
Long-term		
Loans from Canada (Note 4)	240,797	223,671
Current		
Due to Canada		
Overdue instalments and related interest		9,192
Current portion of long-term loans	9,068	6,757
Accounts payable	10,694	6,704
Contractors' holdbacks	935	2,354
	20,697	25,007
	261,494	248,678
EQUITY OF CANADA		
Retained earnings	8,925	3,069
	270,419	251,747

Approved by the Commission:

J. SMITH
Chairman and Chief Executive Officer

HILDA WATSON
Member

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Revenues		
Sale of power	73,749	70,826
Sale of heat	7,043	7,098
Other	1,127	1,333
	81,919	79,257
Expenses		
Operations and maintenance	47,764	45,200
Depreciation	7,843	6,971
Engineering and general administration (Note 6)	5,577	4,991
	61,184	57,162
Income from operations	20,735	22,095
Interest (Note 7)	14,879	14,843
Net income for the year	5,856	7,252
Retained earnings (deficit) at beginning of the year	3,069	(4,183)
Retained earnings at end of the year	8,925	3,069

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of working capital		
Operations		
Net income for the year	5,856	7,252
Items not requiring an outlay of funds		
Depreciation	7,843	6,971
Other	159	15
	13,858	14,238
Increase in loans from Canada	141,560	39,457
	155,418	53,695
Application of working capital		
Reduction of loans from Canada	124,434	6,757
Additions to property and equipment	30,098	34,204
	154,532	40,961
Increase in working capital	886	12,734
Working capital at beginning of the year	18,696	5,962
Working capital at end of the year	19,582	18,696

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and objective

The Northern Canada Power Commission, formerly the Northwest Territories Power Commission established in 1948, is a Crown corporation named in Schedule C to the Financial Administration Act and operates under the Northern Canada Power Commission Act. The Commission is exempt from income tax.

The objective of the Commission is to provide utility services on a self-sustaining basis in the Northwest Territories, the Yukon Territory and, with the approval of the Governor in Council, elsewhere in Canada.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and applied on a basis consistent with that of the preceding year. A summary of the significant accounting policies of the Commission is as follows:

Property and equipment

Property and equipment, with the exception of that gifted to the Commission by Canada and others which have been recorded at nominal value, are carried at cost less accumulated depreciation. Costs of additions, betterments and major renewals are capitalized. In addition to direct costs of goods and services, capital project costs include interest at prevailing rates on loan funds used to finance construction during the construction period and a share of engineering and general administration expense which is directly attributable to the projects.

Losses on disposal of property and equipment resulting from exceptional circumstances such as the disposal of assets which have not entered the production cycle, are written off to operations in the year that the losses are recognized. For normal retirements, the cost of property and equipment retired less disposal proceeds is charged or credited to accumulated depreciation with no gain or loss being reflected in operations.

Depreciation

Depreciation of property and equipment financed by loans from Canada, in service prior to March 31, 1977, excluding the Head Office building, is calculated as an amount equivalent to the principal portion of the repayment of the associated loan. The loans are being repaid by the annuity method over the estimated economic life of the assets. Property and equipment, financed by loans from Canada and placed in service subsequent to March 31, 1977, including the Head Office building and property and equipment purchased from internally generated funds, are depreciated on the straight line method.

Depreciation rates for the various classes of assets are based on their estimated economic lives, which for the principal classes of assets are:

Hydroelectric plants	30 - 50 years
Diesel engines and associated equipment	10 - 15 years
Fuel storage equipment	20 years
Buildings	20 - 30 years
Heating systems	20 years
Transmission and distribution systems	20 - 30 years
Office and general equipment	10 - 15 years
Motor vehicles	4 years

Inventories

Inventories are valued at average cost. Provision is made for any decline in value of slow-moving inventory.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these payments is recorded in the accounts as the benefits accrue to the employees.

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Commission. These contributions represent the total liability of the Commission and are recognized in the accounts on a current basis.

Grants in lieu of taxes

Grants in lieu of taxes are based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

3. Property and equipment in service

	1984	1983
	(in thousands of dollars)	
Electric power plants	231,443	167,105
Transmission and distribution systems	37,866	37,460
Other utilities	3,819	5,006
Staff accommodation	3,829	3,776
Warehouses, motor vehicles and general facilities	7,041	6,905
	283,998	220,252
Less accumulated depreciation	54,106	49,996
	229,892	170,256

4. Loans from Canada

The Commission receives funds for capital expenditures by way of interest-bearing loans from Canada. Interest at prevailing rates is accrued during the course of construction of a project and added to the amount borrowed. The total loan, including accrued interest, is repaid on terms and conditions as approved by Governor in Council.

The Commission also received a working capital loan of $7,500,000 in 1979. Terms and conditions provide for principal repayment by 10 equal annual instalments of $750,000 commencing on March 31, 1990. The loan is interest free but should any instalment become due and unpaid, interest at the then current rate is applicable until the date of payment.

At March 31, 1984, loans for capital expenditures carried interest at rates ranging from 4% to 15.625%, with a weighted average interest rate of 10.098%. Borrowings during the year were at an average interest rate 9.553% (1983-13.115%) and included $115,806,000 which was used to extinguish the balances outstanding at March 31, 1984 on certain loans from Canada received during the period April 1, 1971 to March 31, 1977. The new loan is repayable at interest rates identical to those of the loans extinguished.

Loans from Canada mature as follows:

	(in thousands of dollars)
1985	9,068
1986	9,511
1987	9,921
1988	10,371
1989	10,499
1990 - 2024	200,495
	249,865
Deduct current portion	9,068
	240,797

5. Hydro investigation studies

During the year, the Commission completed its special investigation studies on the hydro-generation potential of the mid-Yukon, for which authorized funding of $3,150,000 was received from Canada. The studies were completed at a cost of $3,123,000. The balance of $27,000 (1983 — $26,000) was refundable to Canada, of which $2,000 remained unpaid. However, should electricity for consumption be provided as a result of these studies, then the cost of these studies, with accrued interest, will become repayable to Canada.

6. Engineering and general administration expense

Engineering and general administration expense is net of $642,000 (1983—$598,000) allocated to capital and recoverable projects.

7. Interest

	1984	1983
	(in thousands of dollars)	
Interest on long-term loans	21,700	18,596
Other loans	676	676
	22,376	19,272
Less:		
Interest capitalized at 13.625% (1983—14.515%)	5,667	2,503
Income from term deposits	1,830	1,926
	7,497	4,429
	14,879	14,843

8. Commitments

At March 31, 1984, the estimated committed cost to complete capital projects under construction is approximately $1,127,000 (1983—$24,674,000).

9. Related party transactions

In addition to the transactions described in Notes 4 and 5, the Commission has significant transactions with the Government of Canada and its agencies, as well as with territorial and municipal governments of the Northwest Territories and the Yukon Territory. These transactions and resulting balances comprise:

	1984	1983
	(in thousands of dollars)	
Sale of power and heat	42,964	36,529
Purchase of fuel	7,815	6,460
Contributions to the Public Service Superannuation Plan	655	641
Treasury bills and accrued interest	11,948	
Accounts receivable	4,783	4,277
Accounts payable	1,287	1,593

Furthermore, the Commission receives audit and legal services without charge from the Office of the Auditor General of Canada and the Department of Justice of Canada.

SUMMARY PAGE

NORTHERN TRANSPORTATION COMPANY LIMITED

MANDATE:

To provide economic, reliable and comprehensive marine transportation and related services on a profit-oriented basis in Northern Canada and the Arctic.

BACKGROUND:

The company has provided marine transportation services throughout the Mackenzie River Watershed since 1934 and along the Western Arctic Coast and islands since 1957. Keewatin operations out of Churchill, Manitoba were inaugurated in 1975 and since then the Company has provided, under contract to Transport Canada, resupply service to five communities along the west coast of Hudson Bay, and Coral Harbour on Southhampton Island. NTCL operates without government appropriations with the exception of the contract payments for the Keewatin resupply.

The company has two wholly-owned subsidiaries. Grimshaw Trucking and Distributing Ltd. provides a general merchandise trucking service from Edmonton and Calgary to a number of communities in northern Alberta and major centres in the Northwest Territories.

The second subsidiary, Nortran Offshore Ltd., provides specialty vessels to the offshore oil and gas exploration industry, on a charter basis.

CORPORATION DATA:

HEAD OFFICE:	9945 — 108 Street Edmonton, Alberta T5K 2G9
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Incorporated federally in 1947 and continued under the *Canada Business Corporations Act* in 1977.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Stanley D. Cameron
AUDITOR:	Deloitte Haskins & Sells

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	75.1	76.1	78.2	75.0
Obligations to the private sector	nil	nil	0.6	1.0
Obligations to Canada	27.7	30.7	34.0	36.9
Equity of Canada	38.1	36.5	34.8	30.2
Cash from Canada in the year				
— budgetary	nil	0.6	1.1	0.6
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

NORTHERN TRANSPORTATION COMPANY LIMITED

MANAGEMENT'S REPORT

The consolidated financial statements of the Company have been prepared by Management in accordance with generally accepted accounting principles consistently applied.

The fairness, objectivity and integrity of data in these financial statements, including estimates and judgments relating to matters not concluded by year-end, are the responsibility of Management as is all other information included in this Annual Report.

The Company has established systems of internal financial control which are designed to provide reasonable assurance that assets are safeguarded and that reliable and accurate financial information is produced. In addition, the Audit and Compensation Committee of the Board of Directors, consisting solely of outside directors, meets at least twice a year with Management and the Company's auditors to review internal controls, financial statements, and internal and attest audit reports.

Management is of the opinion that the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Company's accounting policies as summarized in Note 1 to the consolidated financial statements.

LIONEL R. MONTPETIT
President and
Chief Executive Officer

J. GUNNAR ANDERSON
Vice-President Finance
and Treasurer

AUDITORS' REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

We have examined the consolidated statement of financial position of Northern Transportation Company Limited as at December 31, 1983 and the consolidated statements of earnings and retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Company, the financial statements are in agreement therewith and the transactions that have come under our notice have been within its statutory powers.

DELOITTE HASKINS & SELLS
Chartered Accountants

Edmonton, Alberta
January 27, 1984

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Current assets		
Cash and short-term bank deposits	19,963	17,075
Accounts receivable	2,904	5,387
Operating and general supplies	2,096	1,997
Prepaid expenses	105	146
Deferred income taxes		1,047
	25,068	25,652
Current liabilities		
Accounts payable and accrued liabilities	4,973	5,959
Current portion of long-term debt	3,014	3,243
	7,987	9,202
Working capital	17,081	16,450
Non-current assets		
Property and equipment (Note 5)	45,638	48,060
Insurance investment fund	5,325	4,525
	50,963	52,585
Capital employed	68,044	69,035
Represented by		
Long-term debt (Note 6)	27,726	30,793
Deferred income taxes (Note 4)	3,815	3,396
	31,541	34,189
Shareholder's equity		
Share capital (Note 7)	25,052	25,052
Retained earnings	11,451	9,794
	36,503	34,846
	68,044	69,035

Approved by the Board:

S. D. CAMERON
Director

L. R. MONTPETIT
Director

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	1983	1982
Revenue		
Freightage (Note 2)	39,265	38,429
Charter, rental and miscellaneous	5,821	9,056
	45,086	47,485
Expenses		
Cargo haulage	14,615	15,607
Terminal operations	9,432	9,310
Maintenance and repairs	7,647	7,086
Administration and marketing	4,787	4,358
Depreciation	5,250	4,896
	41,731	41,257
Earnings from operations	3,355	6,228
Other (expense) income—Net (Note 3)	(250)	391
Earnings before income taxes and extraordinary item	3,105	6,619
Income taxes (Note 4)	1,448	2,952
Earnings before extraordinary item	1,657	3,667
Extraordinary item (Note 4)		1,014
Net earnings	1,657	4,681
Retained earnings at beginning of year	9,794	5,113
Retained earnings at end of year	11,451	9,794

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	1983	1982
Source of working capital		
Earnings before extraordinary item	1,657	3,667
Items not requiring working capital	5,531	7,897
Working capital from operations	7,188	11,564
Proceeds on disposal of property and equipment	160	70
Extraordinary item		1,014
	7,348	12,648
Use of working capital		
Purchase of property and equipment	2,850	8,260
Reduction of long-term debt	3,067	3,243
Transfer to insurance investment fund	800	701
	6,717	12,204
Increase in working capital	631	444
Working capital at beginning of year	16,450	16,006
Working capital at end of year	17,081	16,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1983

1. Significant accounting policies

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Grimshaw Trucking and Distributing Ltd. and Nortran Offshore Limited, both of which are wholly-owned. All significant inter-company transactions have been eliminated on consolidation.

Operating and general supplies

Inventories of operating and general supplies are recorded at the lower of cost and estimated replacement cost.

Insurance investment fund

As part of its insurance program, the Company maintains umbrella insurance coverage in respect of physical loss or damage to property and equipment. In addition, a fund is being accumulated to underwrite the aggregate deductible amount and the uninsured portion of any losses. The total amount of the fund, which is invested in guaranteed investment instruments, is related to the annual aggregate deductible amount under the umbrella program and will not exceed $6.0 million.

Leases

Leases are classified as either capital or operating. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease. All other leases are accounted for as operating leases wherein rental payments are charged to operations as incurred.

Property and equipment

Property and equipment are recorded at cost. The cost of major additions and replacements, including assets under capital lease, is capitalized. Minor replacements, maintenance and repairs, including provision for the estimated cost of repairing damage to vessels, are charged against current operations. Gains or losses realized on retirement or disposal are also reflected in operations.

Depreciation

Vessels are depreciated on a "unit of production" basis taking into account the estimated tonne-kilometer productive capacity of each vessel over a 15-year period with a minimum charge of four percent per annum calculated on a maximum useful life of 25 years. The cost of other depreciable assets, including assets under capital lease, is depreciated on a straight-line basis over an estimated useful life of 10 to 20 years for buildings, other structures and site development, and 5 to 10 years for other equipment.

Pension plan

A contributory, defined benefit, final average earnings pension plan covers all regular full-time employees of Northern Transportation Company Limited. The assets of the plan are held by an independent corporate trustee. Current service costs are funded and charged to operations as they accrue. Unfunded liabilities and plan improvement costs, as determined by actuarial valuation, are funded by annual payments which are charged to operations over periods recommended by the consulting actuary and as required by the Pension Benefits Standards Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983—*Concluded*

2. Freightage revenue

Included in freightage revenue is a subsidy of $643,000 (1982—$1,124,000) from Canada for the resupply service in the Keewatin area.

3. Other (expense) income—Net

	1983	1982
	(in thousands of dollars)	
Income		
Interest earned	2,092	3,118
Gain on disposal of property and equipment	137	45
Other	135	138
	2,364	3,301
Expense		
Interest on long-term debt	2,546	2,784
Interest on other debt	68	126
	2,614	2,910
	(250)	391

4. Income taxes

(a) The provision for income taxes includes the following:

	1983	1982
	(in thousands of dollars)	
Current income taxes (recovered)	(17)	(102)
Deferred income taxes	1,465	2,040
Other—Extraordinary item		1,014
	1,448	2,952

(b) Deferred income taxes of $3,815,000 (1982—$3,396,000) represent a future tax liability resulting from capital cost allowance claimed for income tax purposes in excess of depreciation charged in the financial statements.

5. Property and equipment

	1983	1982
	(in thousands of dollars)	
Land	2,043	2,049
Vessels	68,305	68,001
Buildings, other structures and site development	25,913	24,632
Other equipment	21,580	20,846
	117,841	115,528
Accumulated depreciation	72,203	67,468
	45,638	48,060

6. Long-term debt

	1983	1982
	(in thousands of dollars)	
Notes payable to Canada		
7.45% note due 1983-1991	26,597	28,971
8.375% note due 1989	1,643	2,163
8.50% notes due 1990	2,500	2,500
8.41% note due 1983-1986		320
	30,740	33,954
Capital lease obligations		
12.0% due 1983		82
	30,740	34,036
Less current portion	3,014	3,243
	27,726	30,793

Principal amounts due in each of the next five years are as follows: 1984—$3,014,000; 1985—$3,191,000; 1986—$3,395,000; 1987—$3,614,000 and 1988—$3,850,000.

Individual notes may be prepaid without premium or penalty.

7. Share capital

	1983	1982
	(in thousands of dollars)	
Authorized		
400,000 common shares of no par value		
Issued and fully paid		
250,520 shares to Canada	25,052	25,052

8. Operating lease obligations

Certain property is leased under long-term contracts. Commitments in respect of rental payments are: 1984—$850,000; 1985—$815,000; 1986—$806,000; 1987—$798,000; 1988—$798,000; and subsequent years—$1,270,000.

9. Pension plan

As determined by actuarial valuation at December 31, 1982, the Pension Plan for the employees of Northern Transportation Company Limited was fully funded.

10. Related party transactions

In addition to the notes payable to Canada referred to in Note 6, the Company had transactions with the Government of Canada and its agencies, the Government of the Northwest Territories, and several federal Crown corporations. These transactions were conducted in the normal course of business, under the same terms and conditions as those applied to unrelated parties. The account balances resulting from these transactions are reflected in the Consolidated Statement of Financial Position.

11. Comparative figures

For comparative purposes, certain of the prior year's figures have been reclassified to conform to the current year's presentation.

SUMMARY PAGE

PACIFIC PILOTAGE AUTHORITY

MANDATE:

To establish, operate, maintain and administer in the interests of safety an efficient pilotage service within designated waters in and around British Columbia.

BACKGROUND:

Established in 1972, the Authority provides pilotage services and has the power to make regulations, subject to the approval of the Governor in Council, which establish compulsory pilotage areas; prescribe the ships/classes of ships that are subject to compulsory pilotage, the circumstances under which compulsory pilotage may be waived and pilotage tariffs; and which cover the licensing of pilots and issuance of pilotage certificates. Tariffs must be fair and reasonable and sufficient to permit the Authority to operate on a self-sustaining financial basis.

CORPORATION DATA:

HEAD OFFICE:	300-1199 West Hastings Street Vancouver, British Columbia V6E 4G9
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Established pursuant to the *Pilotage Act* (SC 1970-71-72, Chap. 52) which was proclaimed to come into force on February 1, 1972.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	R.A. Hubber-Richard
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	4.4	4.5	3.9	2.8
Obligations to the private sector	nil	nil	0.3	nil
Obligations to Canada	0.1	0.1	0.1	0.2
Equity of Canada	2.6	2.5	1.8	1.0
Cash from Canada in the year				
— budgetary	nil	nil	nil	nil
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

PACIFIC PILOTAGE AUTHORITY

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of Pacific Pilotage Authority as at December 31, 1983 and the statements of operations, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Authority as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
January 30, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current		
Cash	803	1,040
Accounts receivable	2,616	1,918
Prepaid expenses	16	15
	3,435	2,973
Property and equipment (Note 3)	1,049	925
	4,484	3,898

LIABILITIES	1983	1982
Current		
Accounts payable and accrued liabilities	1,410	1,280
Obligations under capital leases (Note 4)	22	58
	1,432	1,338
Long-term		
Accrued employee termination benefits	420	374
Obligations under capital leases (Note 4)	107	365
	527	739
	1,959	2,077
EQUITY OF CANADA		
Contributed capital	806	806
Retained earnings	1,719	1,015
	2,525	1,821
	4,484	3,898

Approved by the Authority:

R. A. HUBBER-RICHARD
Chairman

M. FELLIS
Member

PACIFIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Revenues		
Pilotage charges	18,850	16,204
Interest and other income	104	112
	18,954	16,316
Expenses		
Contract pilots' fees	12,441	10,525
Operating costs of pilot boats	2,149	1,722
Transportation and travel	1,652	1,451
Staff salaries and benefits	813	754
Pilots' salaries and benefits	590	548
Depreciation	156	152
Professional and special services	149	146
Interest on capital leases	97	43
Utilities, materials and supplies	69	62
Communications	61	56
Rentals	53	71
Repairs and maintenance	19	9
Bad debts	1	5
	18,250	15,544
Net income for the year	704	772

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Appropriated, as a reserve for renewal and/or acquisition of property and equipment and for contingencies		
Balance at beginning of the year	815	240
Transfer from (to) unappropriated	(315)	575
Balance at end of the year	500	815
Unappropriated		
Balance at beginning of the year	200	3
Net income for the year	704	772
Transfer from (to) appropriated	315	(575)
Balance at end of the year	1,219	200
	1,719	1,015

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Funds provided		
Operations		
Net income for the year	704	772
Items not affecting funds		
Depreciation	156	152
Employee termination benefits	46	58
Gain on sale of property and equipment	(31)	(28)
	875	954
Proceeds on sale of property and equipment	33	
Lease agreement capitalized		278
	908	1,232
Funds applied		
Additions to property and equipment	282	474
Decrease in long-term obligations under capital leases	258	62
	540	536
Increase in working capital	368	696
Working capital at beginning of the year	1,635	939
Working capital at end of the year	2,003	1,635

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Nature of activities

The Pacific Pilotage Authority was established on February 1, 1972 pursuant to the Pilotage Act. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act further provides that the tariffs of pilotage charges shall be fair and reasonable and consistent with providing a revenue, together with any revenue from other sources, sufficient to permit the Authority to operate on a self-sustaining financial basis.

Pilotage services on the Fraser River are provided by employee pilots and in other coastal waters under a contract with a local association of licensed pilots.

The Authority is not subject to any income taxes.

2. Significant accounting policies

Capital leases

Under the terms of certain lease agreements the Authority assumes the rights and obligations of ownership. These leases are treated as capital leases. An asset and an obligation are recorded at an amount equal to the market value of the asset at the beginning of the lease. The obligation is reduced each year by the principal portion of the lease payments and the interest portion is charged to expense.

Depreciation

Depreciation of property and equipment is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Pilot boats	20 years
Equipment	5 and 10 years
Leasehold improvements	7 years

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these payments is recorded in the accounts as the benefits accrue to the employees.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

Contributed capital

Amounts representing the values assigned to property and equipment transferred from Canada in 1972 and the cost of any property and equipment financed from parliamentary appropriations are shown as contributed capital.

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

3. Property and equipment

	1983	1982
	(in thousands of dollars)	
Buildings	40	40
Pilot boats	1,142	913
Equipment	547	499
Leasehold improvements	98	98
	1,827	1,550
Accumulated depreciation	778	625
	1,049	925

The above assets include property and equipment under capital leases at a total value of $276,000 (1982—$597,000) less accumulated depreciation of $152,000 (1982—$200,000).

4. Obligations under capital leases

	1983	1982
	(in thousands of dollars)	
Total minimum payments under		
8% lease agreement with Canada for pilot boat, due April 1988, payable in blended annual payments of $32,000	161	193
19% lease agreement for radio equipment (bought out in 1983 for $279,000)		397
Amount representing interest	(32)	(167)
Balance of the obligations	129	423
Current portion	(22)	(58)
Long-term portion	107	365

Upon maturity of the lease, the Authority has the option to purchase the pilot boat for $1.

SUMMARY PAGE

PETRO-CANADA

MANDATE:

To explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

BACKGROUND:

The corporation (P-C) has grown in nine years' operation to employ 6,600 people and has $9 billion total assets. Its growth was principally from its acquisition, in succession, of Atlantic Richfield, Pacific Petroleums, Petrofina and BP Canada rights and other assets, but as well major new investments have been made by P-C in frontier drilling. It is a significant share-owner in the promising Hibernia offshore field and is a participant in Beaufort Sea and in Venture (Nova Scotia) fields and in the Syncrude Tar Sands operation.

CORPORATION DATA:

HEAD OFFICE:	P.O. Box 2844 1000, 407 — 2nd Street, S.W. Calgary, Alberta T2P 3E3
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Patricia Carney, P.C., M.P.
DEPARTMENT:	Energy, Mines and Resources
DATE AND MEANS OF INCORPORATION:	By the *Petro-Canada Act* (SC 75, Chap. 61) proclaimed July 30, 1975.
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Wilbert H. Hopper
AUDITOR:	Peat Marwick, Mitchell and Co.

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	9,055	8,239	7,552	6,613
Obligations to the private sector	1,469	1,583	1,795	2,777
Obligations to Canada	nil	nil	nil	nil
Equity of Canada	4,577	4,010	3,342	1,640
Cash from Canada in the year				
— budgetary	nil	nil	nil	nil
— non-budgetary	425	642	1,306	902

* Subsequent to the Report period.

PETRO-CANADA

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements have been prepared by management in accordance with generally accepted accounting principles appropriate in the circumstances. Management is responsible for the other information in the Annual Report, which is consistent, where applicable, with that contained in the financial statements. Management is also responsible for installing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced. The Corporation has an internal audit department whose functions include reviewing the system of internal control to ensure that it is adequate and functioning properly.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board, a majority of which is composed of directors who are not employees of the Corporation. The committee meets with management, the internal auditors and the external auditors at least four times each year to satisfy itself that responsibilities are properly discharged and to review the financial statements.

The external auditors, Peat, Marwick, Mitchell & Co., conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit Committee of the Board.

AUDITORS' REPORT

TO THE HONOURABLE JEAN CHRÉTIEN, P.C., M.P.
MINISTER
ENERGY, MINES AND RESOURCES CANADA
HOUSE OF COMMONS

We have examined the consolidated balance sheet of Petro-Canada as at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report as required by Section 77(1) of the Financial Administration Act that, in our opinion, proper books of account have been kept by the Corporation and the transactions that have come under our notice have been within the powers of the Corporation.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Calgary, Canada
February 24, 1984

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current Assets		
Cash and short-term deposits	55,584	28,896
Accounts receivable	787,876	749,602
Inventories (Note 3)	711,006	755,291
Income taxes recoverable	27,265	
Deposits and prepaid expenses	18,674	12,437
	1,600,405	1,546,226
Investments (Note 4)	312,269	295,128
Property, Plant and Equipment, net (Note 5)	6,247,689	5,615,001
Deferred Charges (Note 6)	78,662	95,760
	8,239,025	7,552,115

LIABILITIES AND SHAREHOLDER'S EQUITY	1983	1982
Current Liabilities		
Accounts payable and accrued liabilities	792,531	650,751
Income taxes payable		28,627
Current portion of long-term debt	30,252	73,286
	822,783	752,664
Long-Term Debt (Note 7)	158,156	257,400
Advances on Future Natural Gas Deliveries	153,170	124,326
Minority Interest in Subsidiaries (Note 8)	422,915	566,945
Deferred Income Taxes	1,277,356	1,044,557
Redeemable Preferred Shares (Note 9)	1,394,085	1,464,375
Capital (Note 10)	3,736,072	3,094,872
Contributed Surplus (Note 11)	62,461	60,744
Retained Earnings	212,027	186,232
	4,010,560	3,341,848
	8,239,025	7,552,115

Approved on behalf of the Board:

W. H. HOPPER
Director

J. T. BLACK
Director

PETRO-CANADA—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Revenue		
Operating	4,123,817	2,738,774
Investment and other income	48,526	49,362
	4,172,343	2,788,136
Expenses		
Crude oil and product purchases	2,410,131	1,359,856
Producing and refining	393,377	356,217
Marketing, general and administrative	345,744	261,343
Depreciation, depletion and amortization	329,897	249,996
Taxes other than income taxes	285,636	196,772
Interest on long-term debt	29,027	50,232
Other interest	2,325	6,597
	3,796,137	2,481,013
Earnings before Undernoted Items	376,206	307,123
Gain on Sale of Subsidiary		7,082
	376,206	314,205
Provision for Income Taxes (Note 12)		
Deferred	227,788	135,073
Current	21,178	53,225
	248,966	188,298
	127,240	125,907
Minority Interest	5,823	4,735
Earnings before Extraordinary Items and Dividends on Redeemable Preferred Shares	133,063	130,642
Extraordinary Items (Note 13)	16,515	
Earnings for year before Dividends on Redeemable Preferred Shares (Note 9)	116,548	130,642

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Retained Earnings at beginning of year	186,232	175,672
Earnings for year before Dividends on Redeemable Preferred Shares	116,548	130,642
Dividends on Redeemable Preferred Shares (Note 9)	(86,379)	(120,082)
	30,169	10,560
Exchange Adjustment on Redemption of Redeemable Preferred Shares (Note 9)	(4,374)	
Retained Earnings at end of year	212,027	186,232

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Sources of Working Capital		
Provided from operations	676,315	500,271
Proceeds from issue of shares	642,917	1,767,448
Proceeds from issue of long-term debt	404,289	1,338,491
Petroleum incentives program grants	468,488	299,892
Proceeds from sale of property, plant and equipment	41,911	
Advances on future natural gas deliveries	28,844	63,430
Decrease in investments, net	1,412	
Proceeds from sale of subsidiary		29,148
Working capital acquired on acquisition of subsidiary		16,253
	2,264,176	4,014,933
Uses of Working Capital		
Acquisition of BP Refining and Marketing Canada Limited (Note 2)	115,781	
Less working capital acquired	16,552	
	99,229	
Purchase of property, plant and equipment	1,019,252	974,096
Reduction of long-term debt	549,941	2,345,549
Acquisition of minority interest in subsidiaries	438,443	351,108
Dividends on redeemable preferred shares	86,379	120,082
Redemption of redeemable preferred shares	74,664	
Increase in deferred charges, net	12,208	17,724
Increase in investments, net		61,954
Deferred financing costs		36,157
	2,280,116	3,906,670
Increase (decrease) in Working Capital	(15,940)	108,263
Working Capital at beginning of year	793,562	685,299
Working Capital at end of year	777,622	793,562

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983
(tabular amounts shown in thousands of dollars)

1. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of Petro-Canada, an agent of Her Majesty in the right of Canada, and of all subsidiary companies ("the Corporation") except Canertech Inc. which is excluded for the reason described in Note 4.

The excess of the consideration paid for the shares of subsidiaries over the underlying net book values at the dates of acquisition is attributed to the related assets acquired.

(b) Translation of Foreign Currency

Current assets and current liabilities are translated at the rate of exchange in effect at the end of the year. The resulting gains and losses are included in earnings. Long-term assets, liabilities and redeemable preferred shares are translated at rates in effect at the dates the assets were acquired, the obligations were incurred or the capital stock was issued. Revenue and expense items are translated at the average rates in effect during the year with the exception of depreciation, depletion and amortization which reflect rates in effect when the assets were acquired.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value.

(d) Investments

The Corporation accounts for investments in companies over which it has significant influence on the equity method. Other long-term investments are accounted for on the cost method.

(e) Property, Plant and Equipment

The Corporation accounts for its investment in oil and gas properties on the full cost method whereby all costs relating to the exploration for and development of oil and gas reserves are capitalized. Such costs include those related to lease acquisitions, geological and geophysical activities, lease rentals on non-producing properties, drilling both productive and non-productive wells and overhead related to exploration.

Separate cost centres have been established for non-frontier Canada, each foreign area in which the Corporation has an interest and each of five Canadian frontier areas.

Effective July 1, 1983 the Corporation changed the method adopted in 1981 of depleting costs incurred in the non-frontier Canada cost centre based on revenue and reverted to the unit of production method based on volumes used prior to 1981. This change, the effect of which was not material, was made in recognition of amendments, primarily with respect to pricing, to the energy pricing and taxation agreements between the Government of Canada and the producing provinces. Costs incurred in producing foreign cost centres are depleted separately on the unit of production method based on estimated proven oil and gas reserves. For purposes of calculating depletion, natural gas production and reserves are converted to equivalent units of crude oil based on the relative energy content of each commodity. Annual costs incurred in the Canadian frontier cost centres are amortized on a straight-line basis over the period during which exploration activity in each cost centre is expected to continue. When exploration proves to be successful, as when an indicated commercial discovery is made, amortization is suspended and the unamortized balance of the cost centre is depleted on the unit of production method when production commences. When exploration proves to be unsuccessful and the cost centre is condemned or abandoned, the unamortized balance of that cost centre is charged to earnings at that time.

Costs of property, plant and equipment associated with the Syncrude Project and related leases are accumulated in a separate cost centre and are depreciated on the unit of production method. Expenditures on other bituminous sands leases are also accumulated in separate cost centres amortized over the terms of the leases, or are charged to earnings in accordance with the policy described for the Canadian frontier cost centres in the preceding paragraph.

Depreciation of plant and equipment, except as noted above, is provided on either the unit of production method or the straight-line method as appropriate. Annual straight-line depreciation rates range from 2.5% to 25.0%.

The interest cost of debt attributable to the construction of major new facilities is capitalized during the construction period.

Substantially all of the Corporation's exploration and production activities related to oil and gas are conducted jointly with others. Only the Corporation's proportionate interest in such activities is reflected in the financial statements.

(f) Deferred Charges

Costs relating to the removal of overburden from tar sands which will be mined in future years are deferred and will be charged to earnings when the related tar sands are mined.

The Corporation defers costs incurred on feasibility studies involving economic evaluation and preliminary engineering relating to certain transportation, production and other projects. Upon completion of studies leading to the commencement of a project or enhancement of an existing project the applicable expenditures are transferred to property, plant and equipment and are charged to earnings based on the estimated useful life of the project, otherwise, all associated costs are charged to earnings at that time.

Certain costs relating to the Corporation's marketing program are deferred and amortized on a straight-line basis over the periods during which benefits are expected to be realized.

Debt issue expense is amortized on a straight-line basis over the life of the debt. The amortization is included with interest on long-term debt in the consolidated statement of earnings.

(g) Federal Petroleum Compensation Program

Under the oil compensation program the Federal Government compensates eligible importers for a portion of certain costs with respect to petroleum consumed in Canada, provided they maintain prices for certain products at levels not to exceed those suggested by the Government. Compensation received under the program is reflected as a reduction of crude oil and product purchases. The Federal Government also compensates producers of synthetic crude oil. Compensation received by the Corporation for its share of production from the Syncrude Project is included in operating revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

(h) Income Taxes

The Corporation makes full provision for income taxes deferred as the result of claiming depreciation, exploration, development and other costs for income tax purposes which differ from the related amounts charged to expense in the financial statements. The Corporation accounts for investment tax credits on the flow-through method.

(i) Pension Plans

Costs of pension benefits for current services of employees are funded and charged to earnings as they accrue. Costs arising from amendments to pension plans which relate to services of employees in prior years and experience deficiencies are funded in accordance with applicable pension legislation and charged to earnings over periods not exceeding fifteen years.

2. Acquisitions

(a) BP Refining and Marketing Canada Limited

Effective March 1, 1983, the Corporation acquired 100% of the outstanding voting shares and 9.4% of the outstanding non-voting shares of BP Refining and Marketing Canada Limited, subsequently renamed Petro-Canada Products Inc. ("Products"). The shares were acquired pursuant to a tender offer dated February 28, 1983 for an aggregate cash consideration (including expenses) of $115,781,000. Under the offer the Corporation has agreed to acquire all of the outstanding non-voting shares of Products, not previously acquired by the Corporation, in 1984 and 1985 at purchase prices which reflect an escalation of the initial price offered in recognition of an interest factor. Accordingly, the minority interest is stated at the estimated cost of acquiring all of the outstanding non-voting shares of Products not already held by the Corporation.

Details of the acquisition, which has been accounted for by the purchase method, are as follows:

Book value of acquired assets		508,123
Book value of assumed liabilities		(378,732)
		129,391
Excess of attributed value over book value of acquired net assets:		
Refining and marketing	282,301	
Long-term debt	4,325	286,626
Net assets acquired at attributed value		416,017
Minority interest at March 1, 1983		(300,236)
Consideration to December 31, 1983		115,781

The net assets acquired, at attributed values, consist of:

Refining and marketing property, plant and equipment		447,610
Investments		12,210
Deferred charges		218
Long-term debt		(45,212)
Deferred income taxes		(15,361)
Working capital		
Current assets	330,386	
Current liabilities	(313,834)	16,552
Estimated total cost of acquisition		416,017

Subsequent to December 31, 1983 the Corporation acquired an additional 0.4% of the outstanding non-voting shares of Products for a cash consideration $1,165,000, increasing its interest to 9.8% of the non-voting shares.

(b) Petro-Canada Enterprises Inc.

Pursuant to a tender offer made by the Corporation in 1981 to purchase all of the outstanding shares of Petro-Canada Enterprises Inc., formerly Petrofina Canada Inc., the Corporation, during the year, acquired the balance of the outstanding shares for a consideration of $424,668,000. The aggregate cost of acquiring the shares of Enterprises, including related expenses, was $1,600,476,000.

Funds for the 1983 share purchases were provided from a revolving term loan and from cash held for investment at December 31, 1982. The revolving term loan has been repaid by funds received by the Corporation from the Canadian Ownership Account, in acknowledgement of which common shares have been issued to the Government of Canada (Notes 10 and 11), and by funds provided from operations.

(c) Panarctic Oils Ltd.

During 1983 the Corporation acquired additional common shares in Panarctic Oils Ltd. ("Panarctic") in consideration for exploration expenditures incurred, which increased its interest by 0.6% to 54.4% of the outstanding common shares at December 31, 1983.

3. Inventories

Inventories consist of:

	1983	1982
Crude oil, refined products and merchandise	601,100	641,527
Materials and supplies	109,906	113,764
	711,006	755,291

4. Investments

The Corporation's investments consist of:

	1983	1982
At equity		
Westcoast Transmission Company Limited	173,949	175,248
Petro-Canada Centre (Note 17)	86,353	20,275
Sedpex Inc.	18,133	7,725
Other	4,247	3,549
At cost		
Mortgages and other investments	29,587	17,776
Canertech Inc.		
Cash held for investment		70,555
	312,269	295,128

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

Westcoast Transmission Company Limited

At December 31, 1983 the Corporation held 31.3% of the total outstanding common shares of Westcoast Transmission Company Limited ("Westcoast").

The value assigned to the investment in Westcoast, when it was acquired by the Corporation, and the cost of subsequent share purchases exceeded the underlying net book value at the dates of acquisition. This excess is being amortized over the estimated useful lives of the underlying assets to which it is attributed by charges against the Corporation's share of Westcoast's net earnings.

Westcoast is a regulated utility and is subject to regulatory directives which may change the components of the cost of service. Changes resulting from such directives do not have a direct effect on net earnings due to rate of return on rate base considerations which are also taken into account in the regulatory process.

At December 31, 1983, the quoted market value of the Corporation's investment in Westcoast was $190,924,000 (1982—$178,195,000).

Canertech Inc.

Canertech Inc. ("Canertech") was incorporated by the Corporation as a wholly-owned subsidiary company to develop alternate energy sources in Canada. The Government of Canada has indicated its intention to establish Canertech as an independent Crown corporation and to purchase the Corporation's investment at cost. The accounts of Canertech, therefore, have not been included in the consolidated financial statements because of the temporary nature of control by the Corporation. The Corporation's investment in the common shares of Canertech is carried in the accounts at a cost of $1.

Sedpex Inc.

At December 31, 1983 the Corporation held 50% of the total outstanding common shares of Sedpex Inc., a company which constructed and now operates a semi-submersible drilling vessel. This vessel is under lease to the Corporation (Note 17).

5. Property, Plant and Equipment

Property, plant and equipment consists of:

	1983			1982
	Cost	Accumulated Depreciation, Depletion and Amortization	Net	Net
Oil and gas				
Canada				
—Non-frontier areas	3,538,974	500,074	3,038,900	2,958,247
—Frontier areas	936,310	157,725	778,585	691,337
Foreign	105,915	44,938	60,977	69,165
Refining and marketing	1,513,159	151,418	1,361,741	916,057
Bituminous sands				
Syncrude Project and related leases	542,347	57,737	484,610	477,370
Other bituminous sands leases and expenditures thereon	187,664	39,434	148,230	144,816
Natural gas liquids	174,586	40,168	134,418	143,281
Other property and equipment	295,556	55,328	240,228	214,728
	7,294,511	1,046,822	6,247,689	5,615,001

6. Deferred Charges

Deferred charges consist of:

	1983	1982
At cost		
Tar sands overburden removal costs	38,208	32,901
Less portion related to tar sands to be mined within one year	7,734	4,304
	30,474	28,597
Polar Gas Project	17,626	16,868
Arctic Liquefied Natural Gas Project		22,213
Other		1,806
At amortized cost		
Marketing program	30,202	26,006
Debt issue expense	360	270
	78,662	95,760

7. Long-Term Debt

Long-term debt consists of:

	Maturity	1983	1982
In Canadian dollars			
Unsecured loans, bearing interest at prime rate to ½% above prime rate	1985-1990	26,722	73,722
Promissory notes, bearing interest at prime rate	1985	15,692	18,192
8.25% unsecured notes	1993	14,143	
5.75% unsecured notes	1986	8,265	
Other loans and long-term obligations	1984-1997	10,222	6,207
Revolving term loan	1983		12,255
Bank Income Debentures	1983		40,000
In United States dollars			
9% unsecured notes ($48,750,000 US)	1996	57,976	62,362
8.45% unsecured notes ($20,000,000 US)	1987	23,992	29,841
7.75% unsecured notes ($16,000,000 US)	1993	16,191	
5.25% unsecured notes ($10,400,000 US)	1985	12,835	17,347
5.75%—6.25% mortgages ($1,923,000 US)	1988	2,370	3,046
Revolving term loan	1983		67,714
		188,408	330,686
Less current portion		30,252	73,286
		158,156	257,400

Repayment of long-term debt

The minimum repayment of long-term debt in each of the next five years is as follows:

1984—$30,252,000, 1985—$45,331,000, 1986—$18,479,000, 1987—$14,812,000, 1988—$7,016,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

8. Minority Interest in Subsidiaries

Minority interest in subsidiaries consists of:

	1983	1982
Panarctic		
Common shares	135,254	135,338
Equity in earnings	(10,558)	(4,735)
	124,696	130,603
Petro-Canada Products Inc.		
Non-voting common shares	298,219	
Petro-Canada Enterprises Inc.		
Common shares		436,342
	422,915	566,945

9. Redeemable Preferred Shares

The redeemable preferred shares, which were issued by a subsidiary, are floating rate, cumulative, redeemable and non-voting. Initially 12,500,000 shares were issued at $100 U.S. per share, to a group of Canadian chartered banks. The shares are redeemable, at the option of the subsidiary, at $100 U.S. per share, plus accrued dividends. In 1983 the subsidiary exercised its option to redeem 600,000 shares for a consideration of $60,000,000 U.S. and at December 31, 1983, 11,900,000 shares were outstanding.

Under the terms of an agreement between the banks and the Corporation, in the event that the subsidiary does not exercise its option to redeem the shares over a ten year period beginning December 31, 1983, or in the event of certain other occurrences under the provisions of the agreement, the banks have the option to require the Corporation to purchase the shares at $100 U.S. per share, plus accrued dividends. These options increase from $70,000,000 U.S. to $170,000,000 U.S. over the remaining period.

Cumulative dividends, payable quarterly, are, at the option of the subsidiary, based on a percentage of either the United States Base Rates, or the London Inter-Bank Offered Rates of the banks. At December 31, 1983, the dividend rate was approximately 6% per annum.

10. Capital

Authorized

In the aggregate the authorized capital is:

(a) 71,188 common shares with a par value of $100,000 each, consisting of;
  (i) 55,000 common shares,
  (ii) 15,188 common shares issued in connection with funds received by the Corporation from the Canadian Ownership Account established under Vote 5c of the Appropriation Act No. 4, 1980-81, and
  (iii) 1,000 common shares issued in connection with the acquisition by the Corporation of the capital stock of Panarctic, previously held by the Government of Canada.

(b) Preferred shares issued to the Government of Canada provided that the amount of such shares together with any loans received, and outstanding, from the Consolidated Revenue Fund of the Government of Canada is not in excess of $1 billion.

Issued (to the Government of Canada):

	1983		1982	
	Number of Shares	Consideration	Number of Shares	Consideration
Common Shares				
Balance at beginning of year	21,221	2,122,100	6,000	600,000
For cash	3,675	367,500	2,770	277,000
For funds received from the Canadian Ownership Account (Note 11)	2,737	273,700	12,451	1,245,100
Balance at end of year	27,633	2,763,300	21,221	2,122,100
Preferred Shares				
Balance at beginning of year	972,771,853	972,772	864,771,853	864,772
For cash			108,000,000	108,000
Balance at end of year	972,771,853	972,772	972,771,853	972,772
Total Capital at End of Year		3,736,072		3,094,872

The preferred shares have a par value of $1 each, are redeemable at par at the option of the Corporation, carry no stated rate of dividend and are non-cumulative.

11. Contributed Surplus

Non-interest bearing convertible notes, issued to the Government of Canada in 1983 and 1982 in acknowledgement of funds received from the Canadian Ownership Account, have been converted into common shares of the Corporation. These shares were issued at a premium of $706,000 in 1983 and $137,348,000 in 1982 specifically to create a contributed surplus equal to the financing costs incurred on that portion of the revolving term loan which was repaid by funds received from the Canadian Ownership Account (Note 10). Such financing costs, net of deferred income taxes, have been charged against this contributed surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

12. Income Taxes

The provision for income taxes of $248,966,000 (1982—$188,298,000) represents an effective rate of 66.2% (1982—59.9%) on earnings before income taxes of $376,206,000 (1982—$314,205,000). The computation of the provision, which requires adjustment to earnings before income taxes for non-taxable and non-allowable items, is as follows:

	1983	1982
Earnings before income taxes	376,206	314,205
Add (deduct)		
Royalties and other payments to provincial governments	302,698	289,240
Federal allowances		
Resource allowance	(221,470)	(191,125)
Tax depletion	(31,157)	(86,373)
Inventory allowance	(22,560)	(18,459)
Scientific research allowance		(2,006)
Petroleum and gas revenue tax	108,335	97,546
Non-deductible amortization of excess of attributed value over book value of assets acquired on purchase of subsidiary companies	63,966	84,099
Equity in earnings of affiliates	(24,227)	(18,076)
Non-deductible depreciation, depletion and amortization	21,646	5,856
Foreign exchange losses	8,846	328
Interest on Bank Income Debentures	2,419	7,392
Incremental oil revenue		(29,174)
Incremental oil revenue tax		10,810
Other	(1,838)	(2,263)
Earnings as adjusted before income taxes	582,864	462,000
Combined Canadian Federal and Provincial income tax at 48.6% (1982—49.5%) applied to earnings as adjusted	283,272	228,690
Deduct tax rebates and credits		
Federal investment tax credit	(18,025)	(24,412)
Provincial income tax rebate plans	(14,211)	(15,980)
Scientific research tax credits	(2,070)	
Provision for income taxes	248,966	188,298

13. Extraordinary Items

The extraordinary items represent the write-off of the Corporation's $21,655,000 investment (less related income taxes of $10,350,000) in the refinery located at Come-by-Chance, Newfoundland in view of the uncertainty associated with commissioning this facility, and the Corporation's $5,210,000 equity share of an extraordinary provision made by Westcoast Transmission Company Limited (net of related income taxes of $2,161,000) for a portion of the costs relating to the Alaska Highway Natural Gas Pipeline Project.

14. Pension Plans

Based on the most recent actuarial valuations of the Corporation's pension plans the unfunded past service pension obligations at December 31, 1983 are approximately $18,000,000. All accrued, including vested, benefits at December 31, 1983 are fully funded. Effective January 1, 1984 the Corporation integrated Petro-Canada Products Inc.'s (formerly BP Refining and Marketing Canada Limited) pension plan with its own plan. Amendments required for the integration together with other plan modifications are estimated to increase the unfunded past service obligation by $42,000,000.

15. Segmented Information

The Corporation operates principally in the following business segments:

Business Segment	Operations
Natural resources	Exploration, development and production activities for crude oil, natural gas, field liquids, sulphur, oil sands, coal and minerals; extraction of liquids from natural gas; transportation, distribution and marketing of the natural gas liquids.
Refined oil products	Purchase and sale of crude oil; refining crude oil into oil products; distribution and marketing of these and other purchased refined oil products.

The financial results of operations by business segment are as follows:

	1983			
	Natural Resources	Refined Oil Products	Eliminations	Total
Sales to customers	1,175,122	2,948,695		4,123,817
Inter-segment transfers	216,016		(216,016)	
Total Operating Revenue	1,391,138	2,948,695	(216,016)	4,123,817
Product costs and operating expenses	467,705	2,551,819	(216,016)	2,803,508
Depreciation, depletion and amortization	221,981	86,998		308,979
Taxes other than income taxes	109,713	175,923		285,636
Total Operating Expenses	799,399	2,814,740	(216,016)	3,398,123
Operating Profit	591,739	133,955		725,694
Investment and other income				48,526
Marketing, general and administrative expenses				(345,744)
Other depreciation and amortization				(20,918)
Interest on long-term debt				(29,027)
Other interest				(2,325)
Provision for income taxes				(248,966)
Minority interest				5,823
				(592,631)
Earnings Before Extraordinary Items and Dividends on Redeemable Preferred Shares				133,063

	1982			
	Natural Resources	Refined Oil Products	Eliminations	Total
Sales to customers	1,123,559	1,615,215		2,738,774
Inter-segment transfers	84,395		(84,395)	
Total Operating Revenue	1,207,954	1,615,215	(84,395)	2,738,774
Product costs and operating expenses	412,672	1,387,796	(84,395)	1,716,073
Depreciation, depletion and amortization	188,149	51,912		240,061
Taxes other than income taxes	109,069	87,703		196,772
Total Operating Expenses	709,890	1,527,411	(84,395)	2,152,906
Operating Profit	498,064	87,804		585,868
Investment and other income				49,362
Marketing, general and administrative expenses				(261,343)
Other depreciation and amortization				(9,935)
Interest on long-term debt				(50,232)
Other interest				(6,597)
Gain on sale of subsidiary				7,082
Provision for income taxes				(188,298)
Minority interest				4,735
				(455,226)
Earnings Before Extraordinary Items and Dividends on Redeemable Preferred Shares				130,642

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

Inter-segment transfers are accounted for at market value.

The identifiable assets at December 31, and the capital expenditures for the year, by business segment, are as follows:

	Identifiable Assets		Capital Expenditures	
	1983	1982	1983	1982
Natural resources	5,170,895	5,076,734	835,664	660,969
Refined oil products	2,426,954	1,651,712	110,924	192,142
Other	641,176	823,669	83,460	200,663
	8,239,025	7,552,115	1,030,048	1,053,774

Other identifiable assets include cash and short-term deposits, investments in other companies, general corporate assets and miscellaneous corporate ventures.

16. Comparative Figures

Certain reclassifications have been made to the 1982 comparative figures to conform with the current year's presentation. The most significant reclassifications are with respect to $590,481,000 foreign crude oil purchases which have been netted against operating revenue and the combining of natural gas liquids with natural resources in the segmented information.

17. Commitments

In addition to commitments incurred in the ordinary course of business the Corporation is participating in the construction of Petro-Canada Centre, an office complex in Calgary. This project is being financed by the participants and by mortgage borrowings. At December 31, 1983, the Corporation was committed to expend $18,000,000 to complete this project.

The Corporation has entered into a long-term lease for the use of the above mentioned office complex and has also leased certain offshore drilling vessels and ancillary equipment for periods of one to five years. The offshore vessels are used by the Corporation during the Canadian drilling season and the rentals are shared with joint venture participants. The vessels are available for sublease when not required by the Corporation.

The gross lease rentals for the offshore vessels together with minimum annual rentals under the above and other non-cancellable operating leases are estimated at $294,000,000 in 1984, $199,000,000 in 1985, $142,000,000 in 1986, $114,000,000 in 1987, $41,000,000 in 1988 and $14,000,000 per year thereafter until 2008.

APPENDIX

CANERTECH INC.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
CANERTECH INC.

We have examined the Consolidated Balance Sheet of Canertech Inc. (a wholly-owned subsidiary of Petro-Canada) as at December 31, 1983 and the Consolidated Statements of Loss and Deficit and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

BURKE, NEWMAN & CO.
Chartered Accountants

Winnipeg, Manitoba
February 15, 1984

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current Assets		
Cash and term deposits	20,127	14,357
Accounts receivable—Trade	2,204	795
—Other	291	155
Advance to Affiliated Company		112
Inventories	2,337	525
Other	36	79
	24,995	16,023
Investments (Note 3)	3,837	4,503
Fixed Assets, at cost less accumulated amortization and depreciation (1983—$684, 1982—$115)	1,630	923
Other Assets	503	259
	30,965	21,708

LIABILITIES AND SHAREHOLDER'S EQUITY	1983	1982
Current Liabilities		
Bank Indebtedness (Note 4)	1,333	1,221
Accounts Payable and Accrued Liabilities	1,628	1,163
Current Portion of Long-Term Loan	120	50
Progress Billings and Deferred Revenue	827	11
Current Portion of Obligation Under Capital Lease	75	
	3,983	2,445
Obligation under Capital Lease	124	
Long-term Loan (Note 4)	262	
Deferred Taxes	82	
Advances from the Government of Canada (Note 5)	31,800	20,000
Minority Interest	430	
	36,681	22,445
SHAREHOLDER'S EQUITY		
Share Capital (Note 6)		
Deficit	5,716	737
	30,965	21,708

The accompanying notes are an integral part of this balance sheet.

Approved on behalf of the Board:

ROBERT M. CHIPMAN
Director

LORNE D. DYKE
Director

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Income		
Sales	5,558	3,449
Interest and Other Income	1,802	2,541
	7,360	5,990
Expenses		
Cost of Goods Sold	4,849	3,448
Administrative and Selling	4,251	3,509
	9,100	6,957
Loss before Undernoted Items	1,740	967
Provision for Income Taxes	93	56
Loss before Reduction in Carrying Cost and Equity in Losses of Investments	1,833	1,023
Joint Ventures	361	136
Other Investments	3,077	37
	3,438	173
Loss before Minority Interest	5,271	1,196
Minority Interest in (Earnings) Losses	(33)	188
Loss before Extraordinary Item	5,304	1,008
Recovery of Prior Year's Income Taxes	325	101
Net Loss for the Year	4,979	907
Deficit (Retained Earnings) at Beginning of Year	737	(170)
Deficit at End of Year	5,716	737

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Sources of Working Capital		
Net Working Capital Acquired Through Acquisitions	481	
Increase in Minority Interest	100	
Obligations Under Capital Lease	124	
Recovery of Prior Year's Income Taxes	325	
Advances From the Government of Canada (Note 5)	11,800	20,000
	12,830	20,000
Uses of Working Capital		
Loss Before Extraordinary Item	5,304	1,008
Deduct (Add) Items Not Affecting Working Capital		
Amortization and Depreciation	690	86
Reduction in Carrying Cost and Equity in Losses of Investments	3,438	173
Minority Interest in (Earnings) Losses	33	(188)
Deferred Taxes	41	
Working Capital Applied to Operations	1,102	937
Increase in Investments	2,772	4,418
Long-Term Loan	580	295
Net Purchase of Fixed Assets	827	123
Repayment of Advances From Parent Company		20,000
Net Increase in Other Assets	115	225
	5,396	25,998
Increase (Decrease) in Working Capital	7,434	(5,998)
Working Capital at Beginning of Year	13,578	19,576
Working Capital at End of Year	21,012	13,578

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1983
(tabular amounts shown in thousands of dollars)

1. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of Canertech Inc. (the "Corporation"), and its subsidiaries as follows:

Canertech Conservation Inc.	100%
Hunter Enterprises Orillia Ltd.	60%
107744 Canada Inc.	100%
Mechron Energy Ltd.	100%
Trecan Ltd.	51%

(b) Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined on a first in, first out basis, except for Hunter Enterprises Orillia Ltd. which determined inventories at standard cost.

(c) Investments

Investments in joint venture partnerships in which the Corporation has an agreement with its venture partners establishing joint control are accounted for by the equity method. Investments in companies in which the Corporation owns less than 50% of the voting shares and over which the Corporation exerts significant influence, and Sparfil International Inc., are accounted for by the equity method. Other long-term investments are accounted for by the cost method.

(d) Amortization and Depreciation

Amortization and depreciation (except for goodwill) are provided for at various rates based on the estimated service life of the assets using the declining balance method. Leasehold improvements are amortized over the term of the lease on a straight-line basis. Amortization and depreciation charged to income during the year totalled $578,000.

(e) Goodwill

Goodwill arising on acquisitions is amortized over the expected period of benefit, not to exceed forty years. If it becomes apparent that the expected period of benefit will not be realizable, or if the value of the goodwill will be reduced, the amortization rates will be adjusted and goodwill will be appropriately written down. During the year the write-off of consolidation goodwill and goodwill attributable to investments accounted for by the equity method amounted to $2,548,000.

(f) Other Assets

Other assets include certain costs associated with the start-up of subsidiaries. These costs are deferred and will be charged to income following the commencement of commercial operations of the subsidiaries.

(g) Income Taxes

The Corporation follows the tax allocation basis of accounting for income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Continued*

2. Acquisition of Subsidiary Companies

Acquisitions have been accounted for by the purchase method

(a) Hunter Enterprises Orillia Ltd.

On April 28, 1983, the Corporation acquired a 60% equity interest in Hunter Enterprises Orillia Ltd., a manufacturer of gas and wood heating appliances.

Net assets acquired	
Net working capital	470
Property, plant and equipment	510
Other non-current assets	196
Attributed value of assets less than book value	(175)
	1,001
Non-current liabilities	883
Minority interest	117
	1,000
Consideration	1
Share of profit from date of acquisition	167

At the date of the investment the Corporation advanced $500,000 by way of an interest bearing loan secured by a convertible floating charge debenture.

(b) Mechron Energy Ltd.

On February 23, 1983, the Corporation acquired a further 37.22% equity interest in Mechron Energy Ltd. to increase the Corporation's holding to 100%.

Net assets acquired	
Net working capital	(771)
Plant and equipment	689
Other non-current assets	8
Goodwill (amortization 1 year)	111
	37
Non-current liabilities	400
Majority interest	(474)
	(74)
Consideration	111

(c) Trecan Limited

On September 16, 1983, the Corporation acquired a 51% equity interest in Trecan Limited, a combustion engineering marketing company.

Net assets acquired	
Net working capital	345
Plant and equipment	11
Other non-current assets	13
Goodwill (amortization 20 years)	33
	402
Minority interest	180
Consideration	222
Share of loss from date of acquisition	59

3. Investments

	Dec. 31, 1983	Dec. 31, 1982
At Equity		
Joint Ventures		
Omnifuel Gasification Systems	175	414
Societe Biosyn (Reg'd.)		300
Other Investments		
Pacific Enercon Inc.	87	3,164
Sparfil International Ltd.	1,350	
At Cost		
Econoler Inc.	1,225	625
Valera Electronics Inc.	1,000	
	3,837	4,503

(a) Omnifuel Gasification Systems

The joint venture was formed to further develop fluidized bed gasification technology. As at December 31, 1983, the Corporation had contributed capital amounting to $923,000.

(b) Societe Biosyn (Reg'd.)

The joint venture is to design and construct a demonstration plant to produce synthesis gas from biomass via fluidized bed gasification. The Corporation's costs in connection with the joint venture are reimbursed by the Federal Ministry of Energy, Mines and Resources.

(c) Pacific Enercon Inc.

The Corporation owns common shares representing a 37.78% interest in Pacific Enercon Inc., a rockwool insulation manufacturer, and non-voting special shares, which under certain circumstances would permit the Corporation to increase its common share interest to 47.4%.

(d) Sparfil International Inc.

On December 21, 1983, the Corporation invested in shares and debentures to acquire a 49% equity interest in Sparfil International Inc. which owns the rights to an insulated concrete building block. Under certain conditions, the Corporation has the right to elect a majority of directors.

Net assets acquired	
Net working capital	944
Property, plant and equipment	56
Other non-current assets	204
Goodwill (amortizated 20 years)	577
	1,781
Non-current liabilities	1,157
Minority interest	24
	1,181
Consideration	600

At the date of the investment the Corporation advanced $750,000 by way of an interest bearing loan secured by a convertible floating charge debenture.

(e) Econoler Inc.

During the year, the Corporation purchased for $100,000, additional common shares to maintain an equity position of 16 2/3%.

The Corporation also advanced $500,000 in exchange for an interest bearing note which, in addition to a note of $500,000 held on December 31, 1982, is repayable in sixty equal monthly instalments commencing October 19, 1987. In the event that its investment has been diluted, the Corporation may convert a portion of the notes held by it into common shares, provided that following such conversion, the common shares held by the Corporation does not exceed 16 2/3%.

(f) Valera Electronics Inc.

On July 28, 1983, the Corporation acquired common and preferred shares representing a 7.63% equity interest and a 11.76% voting interest in Valera Electronics Inc., a manufacturer of micro-processor based setback thermostats.

4. Bank Indebtedness

Bank indebtedness pertains only to subsidiaries and is secured by pledged accounts receivable and inventories together with fixed and floating charge debentures on the assets of the companies. The Corporation has agreed to maintain majority ownership of Mechron Energy Ltd. unless prior written consent is received from the bank.

5. Advances from the Government of Canada

The Government of Canada assumed all the advances previously made by the parent company. The advances are without requirement for interest or repayment.

6. Share Capital

Authorized—An unlimited number of common shares.
Issued and outstanding—1 common share for $1.00.

7. Income Taxes

The amount of the loss carry-forward of the subsidiaries of the Corporation for income tax purposes aggregated approximately $3,483,000 as at December 31, 1983, expiring as follows:

1985	288
1986	452
1987	1,077
1990	1,666
	3,483

8. Contingencies

The Corporation is a defendant in legal actions arising from investment discussions which failed to materialize in an investment having been made. Claims arising from these actions amount to approximately $77 million and legal counsel is of the opinion that the actions are without foundation. Accordingly no provision for such claims has been made in the accounts of the company.

9. Comparative Figures

Certain reclassifications have been made to the 1982 comparative figures to conform with the current year's presentation.

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION

AUDITORS' REPORT

We have examined the balance sheet of Petro-Canada International Assistance Corporation, a subsidiary of Petro-Canada, as at December 31, 1983 and the statements of operations and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Calgary, Canada
February 24, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
Current Assets		
Cash and short-term deposit	$5,241,350	$21,000,000
Accrued interest receivable	2,695	11,761
	$5,244,045	$21,011,761

LIABILITIES AND SHAREHOLDER'S EQUITY	1983	1982
Current Liabilities		
Due to affiliated company, Petro-Canada Inc.	$2,656,781	$18,715,915
Income taxes payable	261,452	—
	2,918,233	18,715,915
Excess of Parliamentary Appropriations Over Total expenditures	2,325,811	2,295,845
Shareholder's Equity		
Share capital (Note 3)	1	1
	$5,244,045	$21,011,761

Approved on behalf of the board

P.M. TOWE,
Director

P.M. TELLIER,
Director

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1983

(With comparative figures from the date of commencement of operations, January 25, 1982 to December 31, 1982.)

	1983	1982
Project Expenditures		
Tanzania	$14,655,302	$14,504,610
Sénégal	10,657,684	231,576
Jamaica	4,044,027	1,790,206
Barbados	3,165,131	510,086
Philippines	2,253,931	—
Haiti	1,160,005	—
Gambia	1,052,407	—
Thailand	258,448	—
Caribbean Region	142,732	—
Morocco	100,575	—
Ghana	95,352	—
Barbados — Phase II	81,000	—
Jamaica — Phase II	80,288	—
Sri Lanka	10,452	—
Kenya	5,507	—
Other project development	841,991	514,610
	$38,604,832	$17,551,088
Expenses		
General and administrative expenses	904,496	864,400
Interest (income) expense, net	(800,746)	288,667
Current income taxes	261,452	—
Total Expenditures	38,970,034	18,704,155
Parliamentary Appropriations for the Period	39,000,000	21,000,000
	29,966	2,295,845
Excess of Parliamentary Appropriations Over Total Expenditures at Beginning of Period	2,295,845	—
Excess of Parliamentary Appropriations Over Total Expenditures at End of Period	$2,325,811	$2,295,845

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1983

(With comparative figures from the date of commencement of operations, January 25, 1982 to December 31, 1982.)

	1983	1982
Sources of Working Capital		
Parliamentary appropriations	$39,000,000	$21,000,000
Share capital	—	1
	$39,000,000	$21,000,001
Uses of Working Capital		
Expenditures	38,970,034	18,704,155
	29,966	2,295,846
Working Capital at Beginning of Period	2,295,846	—
Working Capital at End of Period	$2,325,812	$2,295,846

NOTES TO FINANCIAL STATEMENTS

1. Incorporation

The Corporation was incorporated in 1981 by Petro-Canada under the Canada Business Corporations Act as a wholly-owned subsidiary pursuant to directions provided by Order in Council P.C. 1981-2167 of August 5, 1981. The inaugural meeting of the Board of Directors was held on January 25, 1982 after which the Corporation commenced operations.

2. Operations

The Corporation assists developing countries in the exploration for oil and gas and related activities in those countries in a manner consistent with the foreign aid and energy objectives and programmes of the Government of Canada. The Corporation's activities are financed by Parliamentary appropriations pursuant to subsection 24.2 of the Petro-Canada Act. An affiliated company, Petro-Canada Inc. (PCI), formerly Petro-Canada Exploration Inc., provides technical and administrative services to the Corporation at cost. In addition, the Corporation may also borrow from PCI such funds as it may require from time to time. Advances received from PCI, which cannot exceed $50,000,000 at any time, bear interest at the cost of borrowing to PCI.

3. Share Capital

Authorized:

Common shares — Unlimited.

Issued:

One common share for a cash consideration of one dollar.

SUMMARY PAGE

PORT OF QUEBEC CORPORATION

MANDATE:

Administration, management and control of the harbour of Quebec and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, The National Harbours Board.

BACKGROUND:

The Port of Quebec Corporation was established on June 1, 1984 pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of The National Harbours Board and, since February 1983, the Canada Ports Corporation. The Port is an important transshipment point for Canadian grain exports and has recently modernized its two grain elevators which are operated under contract by a private firm. The Port handled 17.7 million tonnes of cargo in 1984 including 8.1 million tonnes of grain.

CORPORATION DATA:

HEAD OFFICE:	150 Dalhousie St. P.O. Box 2268 Québec, Québec G1K 7P7
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	June 1, 1984; letters patent of incorporation issued by the Minister of Transport pursuant to Section 6.2(1) of the *Canada Ports Corporation Act*.
CHIEF EXECUTIVE OFFICER:	Henri Allard
CHAIRMAN:	Jacques E. Fortier
AUDITOR:	Thorne Riddell

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	Seven months* to Dec. 31, 1984
At the end of the period:	
Total Assets	83.6
Obligations to the private sector	nil
Obligations to Canada	nil
Equity of Canada	79.7
Cash from Canada in the period	
— budgetary	nil
— non-budgetary	nil

* The corporation began operations on June 1, 1984.

NO FINANCIAL STATEMENTS FOR THE REPORT PERIOD COULD BE AVAILABLE FOR THIS CORPORATION SINCE IT WAS ESTABLISHED ONLY ON JUNE 1, 1984

SUMMARY PAGE

PRINCE RUPERT PORT CORPORATION

MANDATE:

Administration, management and control of the Prince Rupert harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, The National Harbours Board.

BACKGROUND:

The Prince Rupert Port Corporation was established on June 1, 1984 pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of The National Harbours Board and, since February 1983, the Canada Ports Corporation. The Port recently completed development of a new site on Ridley Island. A modern high-efficiency grain elevator and coal shipment terminal (constructed by private interests) went into service at this site in 1984.

CORPORATION DATA:

HEAD OFFICE:	110 Third Avenue, West Prince Rupert, British Columbia V8J 1K8
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	June 1, 1984; letters patent of incorporation issued by the Minister of Transport pursuant to Section 6.2(1) of the *Canada Ports Corporation Act.*
CHIEF EXECUTIVE OFFICER:	Kenneth R. Krauter
CHAIRMAN:	W.J. Scott
AUDITOR:	Thorne Riddell

FINANCIAL SUMMARY: $ million: the financial year is the calendar year.

	Seven months* to Dec. 31, 1984
At the end of the period:	
Total Assets	79.6
Obligations to the private sector	nil
Obligations to Canada	87.6
Equity of Canada	(10.0)
Cash from Canada in the period	
— budgetary	1.2
— non-budgetary	nil

* The corporation began operations on June 1, 1984.

NO FINANCIAL STATEMENTS FOR THE REPORT PERIOD COULD BE AVAILABLE FOR THIS CORPORATION SINCE IT WAS ESTABLISHED ONLY ON JUNE 1, 1984

SUMMARY PAGE

ROYAL CANADIAN MINT

MANDATE:

To produce and arrange for the production and supply of coins of the currency of Canada; produce coins of currency of countries other than Canada; melt, assay and refine gold, silver and other metals; buy and sell gold, silver and other metals, etc.; mint coins and carry out other related activities in anticipation of profit.

BACKGROUND:

The Royal Canadian Mint was a departmental agency until 1969 when it was incorporated pursuant to legislation. For minting circulating Canadian coinage it receives payment on a cost-recovery basis. Minting of numismatic and bullion coins etc. yields profit which is paid to Canada. Occasionally it receives loans from Canada for working capital and to finance capital projects.

CORPORATION DATA:

HEAD OFFICE:	355 River Road Tower 'B', 6th Floor Vanier, Ontario K1A 0G8
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Harvie Andre, P.C., M.P.
DEPARTMENT:	Supply and Services
DATE AND MEANS OF INCORPORATION:	April 1, 1969 pursuant to the *Royal Canadian Mint Act* of *Government Organization Act* 1968-69, C. 28, Section 71, (RSC 70 R-8).
CHIEF EXECUTIVE OFFICER:	J.C. Corkery
CHAIRMAN:	Raymond Hession
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total assets	72.4	73.1	83.5	72.2
Obligations to the private sector	0.6	0.8	nil	nil
Obligations to Canada	59.0	49.7	68.3	55.7
Equity of Canada	1.0	1.0	1.0	1.0
Cash from (to) Canada in the period				
— budgetary	nil	(24.4)	nil	(16.9)
— non-budgetary, net	(2.0)	(2.1)	(2.1)	(2.1)

* Subsequent to the Report period.

ROYAL CANADIAN MINT

AUDITOR'S REPORT

THE HONOURABLE CHARLES LAPOINTE, P.C., M.P.
MINISTER OF SUPPLY AND SERVICES

I have examined the balance sheet of the Royal Canadian Mint as at December 31, 1983 and the statements of earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Mint as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Mint, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

RAYMOND DUBOIS, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 10, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983	1982
Current		
Cash	17,949	28,467
Accounts receivable		
Government departments	2,098	4,133
Other	2,124	1,685
Inventories (Note 4)	35,295	29,245
Prepaid expenses (Note 5)	1,953	6,540
	59,419	70,070
Property, plant and equipment (Note 6)	13,675	13,382
	73,094	83,452

LIABILITIES	1983	1982
Current		
Accounts payable		
Government departments	5,444	5,658
Other	6,351	4,233
Due to Government of Canada		
Net earnings (Note 7)	33,427	49,914
Current portion of long-term loans	6,971	2,132
Accrued interest on long-term loans	373	420
Deferred revenues (Note 8)	6,683	1,500
	59,249	63,857
Long-term		
Loans from Government of Canada (Note 9)	8,895	15,866
Obligation under capital lease (Note 10)	768	
Provision for employee termination benefits	3,182	2,729
	12,845	18,595
EQUITY OF CANADA		
Reserve for losses (Note 2)	1,000	1,000
	73,094	83,452

Approved by Management:

J. C. CORKERY
Master of the Mint

G. A. LAHAIE
Vice-President
Administration and Finance

Approved by the Board:

R. V. HESSION
Chairman

STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Revenues		
Gold Maple Leaf coins	419,682	558,428
Canadian numismatic coins	40,077	56,901
Canadian circulating coins	25,384	38,904
Foreign contracts	6,892	7,374
Refinery	3,548	2,993
Miscellaneous	2,178	1,945
	497,761	666,545
Expenses (Note 11)		
Cost of materials used	446,196	610,558
Salaries, wages and benefits	19,204	18,476
Advertising	8,842	7,180
Utilities and supplies	3,912	4,116
Professional and special services	2,823	2,204
Transportation and communication	2,791	2,999
Depreciation	1,950	1,786
Interest on long-term loans and obligation under capital lease	1,633	1,721
Building and equipment rental	1,396	1,586
Miscellaneous	1,141	1,063
	489,888	651,689
Net earnings for the year (Note 2)	7,873	14,856

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983	1982
Source of funds		
Operations		
Net earnings for the year	7,873	14,856
Items not affecting funds		
Depreciation	1,950	1,786
Provision for employee termination benefits	453	177
	10,276	16,819
Obligation under capital lease	1,006	
	11,282	16,819
Application of funds		
Net earnings for the year, due to Government of Canada	7,873	14,856
Decrease in long-term loans and obligation under capital lease	7,209	2,132
Additions to property, plant and equipment	2,243	913
	17,325	17,901
Decrease in funds	6,043	1,082
Working capital at beginning of the year	6,213	7,295
Working capital at end of the year	170	6,213

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Authority and objectives

The Mint was incorporated in 1969 by the Royal Canadian Mint Act and is an agent of Her Majesty named in Schedule C to the Financial Administration Act. The Mint operates through the Consolidated Revenue Fund.

The objectives of the Mint are to mint coins in anticipation of profit and carry out other related activities.

2. Statutory financial limitations

At the request of the Mint and on the recommendation of the Minister of Supply and Services, the Minister of Finance may make loans to the Mint on such terms and conditions as are approved by the Governor in Council for:

(a) meeting establishment and operating expenses of the Mint, in amounts not exceeding in the aggregate $5 million;

(b) financing the costs of capital projects that are approved by the Governor in Council; and

(c) temporary purposes, in amounts not exceeding in the aggregate $1 million, and each loan shall be repaid within twelve months from the day on which the loan was made.

The total amount outstanding at any time of loans made for (a) and (b) above, shall not exceed $35 million.

Furthermore, the Mint may make provision from earnings for a reserve against possible losses but the aggregate amount in the reserve at any one time shall not exceed $1 million. The Mint's net earnings for the year shall be applied:

(a) firstly, to previous years' losses that could not be met by a charge to the reserve;

(b) secondly, to the reserve; and

(c) any excess, to the revenues of Canada.

3. Significant accounting policies

(a) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. Assets and liabilities denominated in foreign currency at the balance sheet date are translated into Canadian dollars at the exchange rate in effect at that date.

(b) Inventories

Raw materials, work in process and finished goods are valued at the lower of cost and net realizable value, cost being determined by the average cost method.

Operating and maintenance supplies are valued at the lower of cost and replacement cost, cost being determined by the average cost method.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated under the straight-line method at the following annual rates:

Land improvements	5%
Buildings	5%
Equipment	10%
Equipment under capital lease	20%

(d) Employee termination benefits

According to their collective agreement and terms of employment, employees are entitled to termination benefits. The liability for these benefits is recorded when earned by the employees.

(e) Pension plan

The employees of the Mint participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Mint. These contributions represent the Mint's total liability and are recorded on a current basis.

4. Inventories

	1983	1982
	(in thousands of dollars)	
Raw materials	22,272	21,712
Work in process	2,097	2,652
Finished goods	8,490	3,218
Operating and maintenance supplies	2,436	1,663
	35,295	29,245

In order to facilitate the production of gold coins, the Mint borrows the quantity of gold required and pays interest based on the value of gold established on the London market. As at December 31, 1983, a total of 758,010 ounces were loaned and are not reflected in these financial statements. Furthermore, the Mint utilizes in its refinery process approximately 135,000 ounces of gold which are not included in inventories.

5. Prepaid expenses

	1983	1982
	(in thousands of dollars)	
Metals	1,177	6,098
Insurance, postage and freight	257	278
Advertising	193	117
Other	326	47
	1,953	6,540

6. Property, plant and equipment

	1983			1982
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	619		619	626
Land improvements	976	437	539	592
Buildings	10,864	4,828	6,036	6,537
Equipment	15,801	10,226	5,575	5,627
Equipment under capital lease	1,006	100	906	
	29,266	15,591	13,675	13,382

7. Due to Government of Canada, net earnings

	1983	1982
	(in thousands of dollars)	
Balance at beginning of the year	49,914	35,058
Net earnings for the year	7,873	14,856
Paid during the year	(24,360)	
Balance at end of the year	33,427	49,914

8. Deferred revenues

	1983	1982
	(in thousands of dollars)	
Gold Maple Leaf coins	3,917	684
Canadian numismatic coins	1,483	687
Foreign contracts	1,283	129
	6,683	1,500

9. Loans from Government of Canada

These loans bear interest at various annual rates ranging from 7.625% to 10.125%, and are repayable according to the following schedule:

	(in thousands of dollars)
1984	6,971
1985	2,132
1986	1,532
1987	932
1988	792
1989-1998	3,507
	15,866
Current portion	6,971
	8,895

The interest expense on these loans amounted to \$1.5 million for the year (1982—\$1.7 million).

10. Obligation under capital lease

The future minimum lease payments under capital lease are as follows:

	(in thousands of dollars)
1984	283
1985	283
1986	283
1987	283
1988	102
Total future minimum lease payments	1,234
Less: amount representing interest	308
Present value of obligation under capital lease	926
Less: current portion	158
Long-term obligation under capital lease	768

The capital lease was recorded at an amount equal to the present value of the minimum lease payments using an implicit lease interest rate of 14.3%. This obligation expires in 1988.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

11. Expenses

Expenses include the cost of goods sold detailed as follows:

	1983	1982
	(in thousands of dollars)	
Materials used	446,196	610,558
Direct labour	2,337	2,529
Manufacturing overhead expenses	20,802	19,017
	469,335	632,104

12. Related party transactions

Included in these financial statements are transactions with the Department of Finance relating to the borrowing, refining and purchasing of gold and silver. These transactions were conducted in the normal course of business, under the same terms and conditions that apply to unrelated parties.

13. Contingency

The outcome of a 1979 claim of $12 million against the Mint for an alleged infringement of copyright on the design of a certain coin is uncertain. Management and the Mint's legal counsel are of the opinion that the claim is not properly founded and will not result in any loss to the Mint. Any settlement resulting from the resolution of this contingency will be accounted for as a prior year adjustment.

SUMMARY PAGE

ST. ANTHONY FISHERIES LIMITED

MANDATE:

To generally carry on fishing operations and to catch, cure, dry, smoke and freeze fish and other products of the seas.

BACKGROUND:

The corporation is inoperative. It will be wound up after settlement of the ($1.6 million, including interest) obligation of Fishery Products International Limited (the federal-provincial enterprise). Offsetting that asset, St. Anthony Fisheries owes $1.4 million to a bank.

CORPORATION DATA:

HEAD OFFICE:	Saltfish Building Torbay Road, P.O. Box 6088 St. John's, Newfoundland A1C 5X8
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable John Fraser, P.C., Q.C., M.P.
DEPARTMENT:	Fisheries and Oceans
DATE AND MEANS OF INCORPORATION:	Pursuant to the *Companies Act* (Newfoundland) 82/05/21.
CHAIRMAN:	Donald D. Tansley
CHIEF EXECUTIVE OFFICER:	Aidan Maloney
AUDITOR:	Ernest R. Spurrell

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1984
WERE NOT AVAILABLE AT DATE OF PRINTING THEREFORE
STATEMENTS OF THE PREVIOUS YEAR ARE PRESENTED HERE

ST. ANTHONY FISHERIES LIMITED

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ST. ANTHONY FISHERIES LIMITED

I have examined the balance sheet of St. Anthony Fisheries Limited as at March 31, 1983 and the statements of income, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

Because of the receivership of Fishery Products Limited and the ongoing restructuring of the resulting combined fish companies, I was unable to confirm or verify by alternative means, the collectibility of accounts receivable included in the financial statements totalling $1,438,077.00. Accordingly, I was not able to determine whether any adjustments might be necessary to accounts receivable, sales, net income and working capital.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to the balance of accounts receivable described in the preceding paragraph, these financial statements present fairly the financial position of the company as at March 31, 1983, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

ERNEST R. SPURRELL, C.A.

St. John's, Newfoundland
May 4, 1984

BALANCE SHEET — MARCH 31, 1983

ASSETS		LIABILITIES AND SHAREHOLDERS EQUITY	
Current Assets:		Current Liabilities:	
Cash in Bank	$ 12,006	Due to Bank of Nova Scotia (Note 3)	$1,300,583
Due from Fishery Products (Note 4)	1,438,077	Accounts Payable	120,916
Accounts Receivable — Other	52,438		
Inventory — Packages and Supplies	11,613	Total Current Liabilities	1,421,499
Total Current Assets	1,514,134	Shareholders Equity:	
		Common Shares no par value	
Fixed Assets — (Note 2)	6,403	Authorized 1000, issued 3	3
		Retained Earnings	99,035
	$1,520,537		$1,520,537

See accompanying notes to financial statements

On behalf of the Board:

D.D. TANSLEY
Director

A. MALONEY
Director

STATEMENT OF INCOME AND SURPLUS
MARCH 31, 1983

Gross Sales	$10,215,032
Less — Selling Expenses	
Freight, Duty and Insurance	606,810
Marketing Commission	575,662
Support Service Commission	384,720
	1,567,192
Net Sales	$ 8,647,840
Cost of Goods Sold	
Raw Material	3,806,496
Direct Labour	1,724,708
Packaging	389,491
Collection Costs	494,797
Indirect Labour	418,271
Other Indirect Costs	975,391
	7,809,154
Gross Margin	$ 838,686
General Administrative and Other Income	
Administrative and General Expense	608,293
Plant Preparation Costs	212,510
Other Income	(81,152)
	739,651
Net Income and Retained Earnings	$ 99,035

See Accompanying Notes to Financial Statements

STATEMENT OF CHANGES IN FINANCIAL POSITION
MARCH 31, 1983

Funds Provided from Operations	
Net Income	$ 99,035
Add Non Cash Item	1,136
Total Funds from Operations	100,171
Funds Utilized	
Purchase of Fixed Assets	7,539
Net Increase in Working Capital	$ 92,632
Working Capital	
Current Assets	$1,514,134
Current Liabilities	1,421,502
	$ 92,632

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1983

Note 1

The company was incorporated in May 1982 with the principal objective of leasing the plant at St. Anthony from Fishery Products Limited and running it for the period to follow. The company's shares are held by the crown and thus no income tax provisions are reflected in the statements.

Note 2 — Fixed Assets

The company depreciates its assets on a declining balance method. During the year depreciation has been charged as follows:

	Balance	Accumulated Depreciation	Rate	Net Book Value
Equipment ...	$7,539	$1,136	20%	$6,403

Note 3

Due to Bank of Nova Scotia

This debt is covered by a General Assignment of Book Debts; Security under section 178 of the Bank Act; Assignment of Insurance on Inventory; Insurance agreement between her Majesty the Queen in Right of Canada as represented by the Minister of Industry Trade and Commerce.

Note 4

As of Date of Issue of the attached financial statements, it cannot be determined or verified that the amount involved with Fishery Products Limited is indeed collectible. As a complete restructuring of the Newfoundland Fishery is in process the collectibility of the account is in question and thus attached statements are qualified.

SUMMARY PAGE

THE ST. LAWRENCE SEAWAY AUTHORITY

MANDATE:

Construction, operation and maintenance of canals, bridges, works and other property related to the deep waterway between the Port of Montreal and Lake Erie, known as the St. Lawrence Seaway.

BACKGROUND:

The St. Lawrence Seaway Authority (SLSA) was established in 1954 to construct and operate the Seaway in conjunction with an appropriate authority in the United States and to construct, maintain and operate bridges and other works and property incidental thereto as the Governor in Council may deem to be necessary. The Authority operates 13 locks and 21 moveable bridges in Canadian territory along the waterway as well as four high-level bridges traversing the St. Lawrence River. Two locks in the United States are operated by the Saint Lawrence Seaway Development Corporation.

A wholly-owned subsidiary, The Seaway International Bridge Corporation, Ltd. (SIBC), was established in 1962 to manage the international bridge at Cornwall, Ontario. A second wholly-owned subsidiary, The Jacques Cartier and Champlain Bridges Incorporated (JCCB), was established to manage the two high-level bridges in Montreal when these were transferred from The National Harbours Board in 1978. A third wholly-owned subsidiary, Great Lakes Pilotage Authority Ltd. is a parent Crown corporation for the purposes of the *Financial Administration Act*. The Canadian span of the Thousand Islands Bridge at Lansdowne, Ontario has been directly administered by the Authority since this property reverted to Canada in 1976.

CORPORATION DATA:

HEAD OFFICE:	Place de Ville Tower A, 18th Floor 320 Queen Street Ottawa, Ontario K1R 5A3
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Incorporated 54/07/01 pursuant to section 3 of the *St. Lawrence Seaway Authority Act* R.S.C. 1970, c. S-1
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	W.A. O'Neil
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY:* $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	668.2	664.4	666.6
Obligations to the private sector	nil	nil	nil
Obligations to Canada	210.0	210.0	210.0
Equity of Canada	434.6	434.3	438.0
Cash from Canada in the period			
— budgetary**	3.0	nil	nil
— non-budgetary	nil	nil	nil

* Financial data include subsidiaries (SIBC, JCCB, GLPA) to the extent only of the Authority's investment ($9 thousand) in them.

** Special Recovery Capital Projects Program funds received for maintenance projects on the Welland Canal.

THE ST. LAWRENCE SEAWAY AUTHORITY

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of The St. Lawrence Seaway Authority as at March 31, 1984 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Authority as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Authority, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 18, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash and term deposits	15,406,161	11,514,178
Accounts receivable	3,347,047	1,038,917
Accrued interest receivable	2,015,892	1,850,490
Supplies inventory	2,171,217	2,203,640
	22,940,317	16,607,225
Long-term receivables (Note 3)	595,490	730,528
Investments		
Deposit in Consolidated Revenue Fund	5,000,000	
Canada bonds (Note 4)	37,519,788	40,497,288
Subsidiary companies (Note 5)	9,600	9,600
	42,529,388	40,506,888
Fixed		
Land, locks, canals and other deep waterway facilities (Note 6)	602,095,285	606,505,802
	668,160,480	664,350,443

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable	3,902,984	2,694,997
Accrued liabilities	7,235,348	5,265,470
	11,138,332	7,960,467
Long-term		
Accrued employee termination benefits	12,425,428	12,074,078
Deferred interest (Note 7)	210,000,000	210,000,000
	222,425,428	222,074,078
	233,563,760	230,034,545
EQUITY OF CANADA		
Contributed capital	624,950,000	624,950,000
Deficit	(190,353,280)	(190,634,102)
	434,596,720	434,315,898
	668,160,480	664,350,443

Approved:

W. A. O'NEIL
President

R. J. FORGUES
Comptroller and Treasurer

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1984

	Montreal-Lake Ontario Section	Welland Section	Total Seaway	Thousand Islands Bridge	Total 1984	Total 1983
	$	$	$	$	$	$
Revenue						
Tolls	26,819,546	28,147,300	54,966,846		54,966,846	48,240,675
Leases and licenses	411,643	1,796,299	2,207,942	86,448	2,294,390	2,131,800
Other	915,422	462,546	1,377,968	424,140	1,802,108	2,036,333
	28,146,611	30,406,145	58,552,756	510,588	59,063,344	52,408,808
Expenses						
Operation	6,204,382	9,158,866	15,363,248		15,363,248	14,701,046
Maintenance (Note 8)	8,691,227	12,369,612	21,060,839	87,268	21,148,107	19,988,571
Administration	3,984,408	3,974,657	7,959,065	169,442	8,128,507	8,354,671
Headquarters	3,317,619	4,373,325	7,690,944	36,000	7,726,944	8,878,949
Research and development	501	661	1,162		1,162	9,187
Depreciation	4,127,271	4,711,747	8,839,018	32,155	8,871,173	8,730,879
Employee termination benefits	496,628	859,907	1,356,535		1,356,535	1,492,678
	26,822,036	35,448,775	62,270,811	324,865	62,595,676	62,155,981
Income (loss) from operations	1,324,575	(5,042,630)	(3,718,055)	185,723	(3,532,332)	(9,747,173)
Investment income	2,371,631	3,126,312	5,497,943		5,497,943	6,034,313
Income (loss) before extraordinary item	3,696,206	(1,916,318)	1,779,888	185,723	1,965,611	(3,712,860)
Provision for settlement of claims (Note 9)		(1,684,789)	(1,684,789)		(1,684,789)	
Net income (loss) for the year	3,696,206	(3,601,107)	95,099	185,723	280,822	(3,712,860)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1984

	Seaway	Thousand Islands Bridge	Total 1984	Total 1983
	$	$	$	$
Deficit (retained earnings), beginning of the year	191,589,392	(955,290)	190,634,102	186,921,242
Loss (net income) for the year	(95,099)	(185,723)	(280,822)	3,712,860
Deficit (retained earnings), end of the year	191,494,293	(1,141,013)	190,353,280	190,634,102

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984

	Seaway	Thousand Islands Bridge	Total 1984	Total 1983
	$	$	$	$
Source of funds				
Operations				
Income (loss) before extraordinary item	1,779,888	185,723	1,965,611	(3,712,860)
Items not requiring an outlay of funds				
Depreciation	8,839,018	32,155	8,871,173	8,730,879
Employee termination benefits	1,356,535		1,356,535	1,492,678
Loss on disposal of fixed assets	17,645		17,645	16,935
	11,993,086	217,878	12,210,964	6,527,632
Reduction in long-term receivables	135,038		135,038	129,960
Proceeds on disposal of fixed assets	53,925		53,925	50,839
Proceeds from maturity of Canada bonds	2,977,500		2,977,500	
	15,159,549	217,878	15,377,427	6,708,431
Application of funds				
Deposit in Consolidated Revenue Fund	5,000,000		5,000,000	
Fixed asset additions	4,159,816	372,410	4,532,226	7,679,514
Provision for settlement of claims	1,684,789		1,684,789	
Transfer of accrued employee termination benefits to current liabilities	1,005,185		1,005,185	621,712
	11,849,790	372,410	12,222,200	8,301,226
Increase (decrease) in working capital	3,309,759	(154,532)	3,155,227	(1,592,795)
Working capital, beginning of the year	8,752,985	(106,227)	8,646,758	10,239,553
Working capital, end of the year	12,062,744	(260,759)	11,801,985	8,646,758

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and Objectives

The St. Lawrence Seaway Authority was established in 1954 under The St. Lawrence Seaway Authority Act and is classified as a proprietary Crown corporation under Schedule D of the Financial Administration Act.

The Authority was established to construct and operate a deep waterway between the Port of Montreal and Lake Erie together with such works and other property, including bridges incidental to the deep waterway, as deemed necessary by the Governor in Council.

2. Significant accounting policies

(a) Supplies inventory

The supplies inventory is recorded at cost.

(b) Investment in subsidiary companies

The investment in the Authority's three subsidiary companies is recorded at cost. The financial statements of the subsidiary companies have not been consolidated in these financial statements because changes in the equity of the subsidiaries do not accrue to the Authority.

Separate financial statements for each of the subsidiary companies are available to the public and summarized financial information is disclosed in Note 5.

(c) Fixed assets

Fixed assets are recorded at cost. All additions, replacements or major improvements which increase the capacity of the deep waterway system are capitalized. Repairs and maintenance are charged to operations as incurred. The cost of assets sold, retired, or abandoned, and the related accumulated depreciation are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Depreciation is recorded using the straight-line method based on the estimated useful lives of the assets.

(d) Employee termination benefits

Employees of the Authority are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Pension plan

All employees of the Authority are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

(f) Thousand Islands Bridge

In September 1976, the Minister of Transport entrusted the Authority with the management and operation of the Thousand Islands Bridge. The capital assets of the Thousand Islands Bridge were transferred to the Authority at a cost of $1. Subsequent to September 1976, capital expenditures made by the Authority to improve the Thousand Islands Bridge have been recorded as fixed assets (see Note 6). The retained earnings of the Thousand Islands Bridge represent the cumulative earnings of the Bridge while being operated by the Authority.

These financial statements have segregated the operations and assets related to the Thousand Islands Bridge on the premise that its management and operation is separate from basic Seaway operations.

3. Long-term receivables

The Authority has entered into long-term contractual agreements for the sale of two parcels of land and for the recovery of costs associated with the construction of certain facilities.

The following long-term receivables are outstanding at March 31:

	1984	1983
	$	$
5¼% amount receivable in blended annual payments of $99,519 including principal and interest, maturing in 1986	184,394	269,751
5½% amount receivable in blended annual payments of $28,000 including principal and interest, maturing in 1986	207,384	223,113
Non-interest bearing amount receivable in annual payments of $33,952, maturing in 1990	203,712	237,664
	595,490	730,528

4. Canada bonds

The Authority has the following investment in Canada bonds at March 31:

	1984	1983
	$	$
Cost	37,519,788	40,497,288
Par value	38,000,000	41,000,000
Market value	32,083,125	37,442,375

5. Subsidiary companies

The investment in subsidiaries consists of the cost of the shares of the following wholly-owned subsidiaries:

	No. of shares	Cost
		$
Great Lakes Pilotage Authority, Ltd. (G.L.P.A.)	15	1,500
The Jacques Cartier and Champlain Bridges Incorporated (J.C.C.B.)	1	100
The Seaway International Bridge Corporation, Ltd. (S.I.B.C.)	8	8,000
		9,600

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

Summarized financial information relating to these subsidiaries based on their most recently completed fiscal years is as follows:

	G.L.P.A. Dec. 31/83	J.C.C.B. Mar. 31/84	S.I.B.C. Dec. 31/83
	$	$	$
Assets			
Current	3,902,822	4,631,204	307,551
Fixed	35,094	23,174,828	56,293
	3,937,916	27,806,032	363,844
Liabilities			
Current	2,681,782	1,439,688	140,572
Due to Canada		110,756,052	
Other long-term	3,161,414	663,755	215,272
	5,843,196	112,859,495	355,844
Equity (deficit)	(1,905,280)	(85,053,463)	8,000
Revenues	10,034,503	6,185,414	1,424,502
Expenses	10,524,146	10,575,523	1,123,347
Bridge user charge paid to the Authority			301,155
Loss for the year	489,643	4,390,109	

The bridge user charge is an amount transferred annually to amortize the Authority's construction and interest costs related to the North Channel Bridge. At March 31, 1984, $12,213,160 (1983—$12,514,315) in construction and interest costs remained unamortized.

During the year, the Authority provided J.C.C.B. with administration services for which it charged $528,700 (1983—$500,000). As at March 31, 1984, $44,058 (1983—$41,667) remained outstanding in the Authority's accounts.

6. Land, locks, canals and other deep waterway facilities

	Depreciation Rate	1984 Cost	1984 Accumulated depreciation	1984 Net	1983 Net
		$	$	$	$
Seaway					
Land		31,072,929		31,072,929	31,024,989
Channels and canals	1%	249,092,865	58,710,225	190,382,640	192,873,568
Locks	1%	235,831,007	75,722,978	160,108,029	156,119,156
Bridges and tunnels	2%	86,390,787	31,303,455	55,087,332	56,721,594
Buildings	2%	12,078,275	5,886,941	6,191,334	6,325,263
Equipment	2-20%	15,446,420	6,683,399	8,763,021	8,899,220
Remedial works—Expenditures on properties owned by others, relating to Seaway construction	1%	134,018,970	21,299,002	112,719,968	114,060,158
Interest during construction		32,822,016		32,822,016	32,822,016
Works under construction		3,546,244		3,546,244	6,598,321
		800,299,513	199,606,000	600,693,513	605,444,285
Thousand Islands Bridge					
Improvements	2%	1,551,873	150,101	1,401,772	1,061,517
		801,851,386	199,756,101	602,095,285	606,505,802

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

No depreciation has been provided on interest of $32.8 million capitalized during construction of the Welland Modernization Project. It is anticipated that the interest will be cancelled and reversed as part of the second phase of the refinancing of the Authority. This matter has been under study by the Office of the Comptroller General.

7. Equity financing

As of April 1, 1977, loans from Canada of $625 million were converted to equity by parliamentary appropriation. The unpaid interest of $210 million on these loans is reflected on the balance sheet as deferred interest. This deferred interest, on which no further accrual of interest is required, is not classified as a current liability because the Authority is currently seeking approval from Parliament to have the unpaid interest forgiven.

The parliamentary appropriation authorizing the 1977 conversion of loans from Canada to equity also authorized the Minister to fix, from time to time, the amount that shall be paid by the Authority annually out of its toll revenue as a return on capital. No return on capital has been required to be paid for the 1984 and 1983 fiscal years.

8. Special Recovery Capital Projects Program

During the year, the Authority became entitled to $3 million under the Federal Government's Special Recovery Capital Projects Program of which $1,143,896 has been received and $1,856,104 is included in accounts receivable. These grants, which relate entirely to the Welland Canal, have been credited to income through a reduction in maintenance charges.

9. Extraordinary item

The extraordinary item is a provision for settlements related to the Welland By-Pass.

10. Income taxes

The Authority, as a Schedule D Crown corporation, is subject to the provisions of the Income Tax Act. The Authority is not subject to any provincial income taxes.

Undepreciated capital cost for tax purposes in excess of net book value of capital assets, amounted to approximately $176 million. The tax effect of this excess has not been recorded in the accounts.

The Authority has incurred research and development costs of approximately $6 million and has applied, under Section 37 of the Income Tax Act, to have these costs deferred and made available to reduce the taxable income of future periods.

Unused investment tax credits of approximately $231,000 are available to reduce future taxes payable up to March 31, 1989.

11. Commitments and contingencies

Contractual obligations for capital and other expenditures, at March 31, 1984 amounted to $961,826 (1983—$1,779,244).

In connection with its operations, the Authority is the claimant or defendant in certain pending or threatened claims and lawsuits. It is the opinion of management that these actions will not result in any material liabilities to the Authority.

12. Reclassification

Some of the 1983 comparative figures were reclassified to conform to the presentation adopted in 1984.

APPENDIX

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1984 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 8, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash and term deposits	4,488,491	4,670,203
Accounts receivable	142,713	47,110
	4,631,204	4,717,313
Fixed		
Land	3,785,545	3,751,039
Bridges	73,276,394	73,276,754
Vehicles and equipment	505,902	473,078
	77,567,841	77,500,871
Less: accumulated depreciation	54,393,013	53,270,847
	23,174,828	24,230,024
	27,806,032	28,947,337

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable	939,386	923,263
Due to parent company	51,975	49,372
Due to Canada	32,759	141,207
Deferred revenues	415,568	411,955
	1,439,688	1,525,797
Long-term		
Provision for employee termination benefits	663,755	692,083
Loans from Canada (Note 3)	66,242,472	66,242,472
Interest in arrears (Note 4)	44,513,580	44,513,580
	111,419,807	111,448,135
	112,859,495	112,973,932
SHAREHOLDER'S DEFICIENCY		
Capital stock		
Authorized—50 shares without par value		
Issued and fully paid—1 share	100	100
Capital deficiency (Note 5)	(71,919,606)	(71,986,576)
Deficit	(13,133,957)	(12,040,119)
	(85,053,463)	(84,026,595)
	27,806,032	28,947,337

Approved by the Board:

WILLIAM A. O'NEIL
Director

JACQUES Y. LAVIGNE
Director

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1984

	Jacques Cartier Bridge	Champlain Bridge	Total 1984	Total 1983
	$	$	$	$
Revenues				
Tolls		5,641,056	5,641,056	5,458,613
Interest	93,538	280,614	374,152	568,624
Other	102,415	67,791	170,206	168,381
	195,953	5,989,461	6,185,414	6,195,618
Expenses				
Operation	783,516	3,208,538	3,992,054	3,910,571
Maintenance	2,361,319	1,544,095	3,905,414	4,849,171
Administration	415,426	1,140,463	1,555,889	1,465,131
Depreciation	79,249	1,042,917	1,122,166	1,117,365
	3,639,510	6,936,013	10,575,523	11,342,238
Loss for the year	3,443,557	946,552	4,390,109	5,146,620

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of the year	12,040,119	10,909,718
Loss for the year	4,390,109	5,146,620
	16,430,228	16,056,338
Parliamentary appropriation—Operating	3,296,271	4,016,219
Balance at end of the year	13,133,957	12,040,119

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Parliamentary appropriation		
Operating	3,296,271	4,016,219
Capital	66,970	47,574
	3,363,241	4,063,793
Application of funds		
Operations		
Loss for the year	4,390,109	5,146,620
Items not requiring an outlay of funds		
Depreciation	(1,122,166)	(1,117,365)
Decrease (increase) in the provision for employee termination benefits	28,328	(13,036)
	3,296,271	4,016,219
Acquisition of fixed assets	66,970	47,574
	3,363,241	4,063,793
Increase in working capital		
Working capital at beginning of the year	3,191,516	3,191,516
Working capital at end of the year	3,191,516	3,191,516

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the Canada Business Corporations Act on November 3, 1978 and is a wholly owned subsidiary of The St. Lawrence Seaway Authority, which is a federal Crown corporation named in Schedule D to the Financial Administration Act.

The Corporation is partially dependent on the Government of Canada for its financing.

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area.

2. Significant accounting policies

Fixed assets

Fixed assets acquired from the National Harbours Board (now Canada Ports Corporation) on December 1, 1978 were recorded at their then book values. Subsequent additions are recorded at cost.

Fixed assets are depreciated over their estimated economic lives using the straight-line method, at the following rates:

Jacques Cartier Bridge	4.8%
Champlain Bridge	2.5%
Vehicles and equipment	10% and 20%

The portion of the Bonaventure Autoroute for which the Corporation is responsible is fully depreciated.

Parliamentary appropriation

The parliamentary appropriation covering the loss for the year is reflected in the statement of deficit. In this regard, operating expenses do not include depreciation and any change in the provision for employee termination benefits.

The parliamentary appropriation for financing fixed assets is credited to the capital deficiency.

Any parliamentary appropriation received in excess of requirements is recorded as due to Canada. It is the Corporation's policy to reimburse this amount in the following fiscal year.

Deferred revenues

The estimated value of unredeemed toll tokens and tickets as well as rental revenues collected in advance are recorded as deferred revenues.

Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

Expenses

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the Corporation is responsible are included with those for the Champlain Bridge.

Income tax

As a federal Crown corporation, the Corporation is not subject to provincial income tax. Being a subsidiary of a corporation specified in Schedule D to the Financial Administration Act, it is subject to federal income tax. It has incurred substantial losses in prior years which can be carried forward and applied against taxable income of future years.

3. Loans from Canada

	$
Certificate of indebtedness	59,752,867
Advance	6,489,605
	66,242,472

The certificate of indebtedness, dated April 1, 1981, does not bear interest and does not carry a definite due date nor terms of repayment.

The advance, which bears no interest, was recorded in the accounts of Canada as a non-active loan and charged to the accumulated deficit of Canada when it was made.

4. Interest in arrears

Accumulated simple interest as at March 31, 1981, on loans from Canada, is recorded on the balance sheet as long term since the Corporation does not foresee paying it, in whole or in part, during the next fiscal year. This interest does not include the interest since 1962 on a 2¾% loan in the amount of $7,576,000 issued with respect to the Jacques Cartier Bridge. The recording of this interest was discontinued when the tolls on this bridge were abolished.

5. Capital deficiency

When the Corporation took possession of its fixed assets on December 1, 1978, it also assumed the related debt obligations. The excess of such debts over the book value of the assets acquired at that date amounted to $72,448,371 and was recorded as a capital deficiency. The capital deficiency was reduced during the year by $66,970 ($47,574 in 1983) representing the parliamentary appropriation for financing the acquisition of fixed assets.

6. Related party transactions

Related party transactions not otherwise disclosed in these financial statements are as follows:

Administrative services from the parent company amounted to $528,700 ($500,000 in 1983). As at March 31, 1984 an unpaid balance thereon of $44,058 ($41,667 as at March 31, 1983) is included with the amount due to the parent company. The Corporation has contracted for such services for the year 1985 to the extent of $555,000.

Operating services from the Montreal Port Corporation amounted to $2,152,970 ($2,036,118 in 1983). As at March 31, 1984 an unpaid balance of $186,059 ($177,199 as at March 31, 1983) is included with accounts payable. The Corporation has contracted for such services for the year 1985 to the extent of $1,675,000.

APPENDIX—*Concluded*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

7. Commitments

The Corporation has entered into long-term leases for the rental of facilities and equipment used in the course of its activities. The aggregate minimum annual rental payments are as follows:

	$
1985	256,893
1986	261,098
1987	257,282
1988	171,395
1989	163,557
1990-1992	490,670

8. Contingencies

In connection with its operations, the Corporation is the claimant or defendant in certain pending claims and lawsuits. It is the opinion of management that these actions will not result in any material liabilities to the Corporation.

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

AUDITOR'S REPORT

THE HONOURABLE LLOYD AXWORTHY, P.C., M.P.
MINISTER OF TRANSPORT

I have examined the balance sheet of The Seaway International Bridge Corporation, Ltd. as at December 31, 1983 and the statements of income and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 16, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982
	$	$
Current		
Cash and term deposits	292,961	296,229
Accounts receivable	14,590	3,955
	307,551	300,184
Fixed		
Equipment, at cost	164,015	143,367
Less: accumulated depreciation	107,722	90,969
	56,293	52,398
	363,844	352,582

LIABILITIES	1983	1982
	$	$
Current		
Accounts payable	41,285	41,586
Due to The St. Lawrence Seaway Authority	81,802	46,073
Deferred revenue	17,485	14,785
	140,572	102,444
Long-term		
Accrued employee termination benefits	207,272	234,138
Debentures payable (Note 3)	8,000	8,000
	215,272	242,138
	355,844	344,582
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—An unlimited number of common shares		
Issued and fully paid—8 shares	8,000	8,000
	363,844	352,582

Approved by the Board:

W. A. O'NEIL
President and Director

JAMES L. EMERY
Vice-President and Director

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Revenue		
Tolls	1,329,642	1,231,915
Rentals	57,761	57,761
Interest	27,668	43,022
Other	9,431	9,914
	1,424,502	1,342,612
Expenses		
Salaries and employee benefits	812,998	867,591
Maintenance, materials and services	131,943	75,009
Employee termination benefits	49,169	44,797
Insurance	33,843	31,040
Grants in lieu of municipal taxes	27,500	19,192
Depreciation	16,753	14,647
Rental of toll collection machines	14,673	15,047
Electricity	11,901	11,516
Office supplies	9,766	7,671
Professional services	546	13,896
Other	14,255	16,930
	1,123,347	1,117,336
Income before bridge user charge	301,155	225,276
Bridge user charge (Note 5)	301,155	225,276
Net income for the year		

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983	1982
	$	$
Source of funds		
Operations		
Net income for the year		
Items not affecting funds		
Employee termination benefits	49,169	44,797
Depreciation	16,753	14,647
	65,922	59,444
Application of funds		
Employee termination benefits	76,035	27,046
Additions to fixed assets	20,648	11,906
	96,683	38,952
Increase (decrease) in working capital	(30,761)	20,492
Working capital, beginning of the year	197,740	177,248
Working capital, end of the year	166,979	197,740

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983

1. Authority and activities

The Seaway International Bridge Corporation, Ltd. is a Crown corporation noted in Schedule D to the Financial Administration Act and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, also a Schedule D Crown corporation. The Corporation was incorporated under the Canada Corporations Act in 1962 and is continued under the Canada Business Corporations Act, for the purpose of operating and managing the international toll bridge system between Cornwall, Ontario, and Rooseveltown, New York, on behalf of The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation.

2. Significant accounting policies

Depreciation

Depreciation of equipment is based on the estimated useful life of the assets calculated on the straight-line method at the following annual rates:

Automotive	20%
Shop	10% to 20%
Office and toll equipment	10%

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under the conditions of employment. The liability for these benefits is recorded in the accounts as the employees become entitled to the benefits.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. These contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

Deferred revenue

Revenue from unredeemed toll tokens is deferred.

3. Debentures payable

These debentures, due on December 31, 2012, are non-interest bearing and payable to the Saint Lawrence Seaway Development Corporation.

4. Bridge use

With the approval of the Canadian Transport Commission, the Corporation has continued the practice of providing free usage of the bridge system to certain North American Indians. This represents a substantial portion of the bridge traffic.

5. Bridge user charge

By agreement between The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, the annual income of the Corporation is paid as a bridge user charge; first, to the Authority to offset the amortization of the cost of the North Channel Bridge together with interest; then to the Saint Lawrence Seaway Development Corporation to offset the amortization of the cost of the Racquette River Bridge; and the balance, if any, is then divided equally between both parties.

All bridge user charges since the commencement of operations have been paid to The St. Lawrence Seaway Authority.

SUMMARY PAGE

SOCIETA A RESPONSIBILITA LIMITATA IMMOBILIARE SAN SEBASTIANO

MANDATE:

Purchase and administration of the residence of Canada's Ambassador to the Vatican.

BACKGROUND:

The sole asset of the company is the property known as 13/A Via di Porta San Sebastiano, Rome. This property has served as the official residence of successive Canadian Ambassadors to the Holy See since the post was first opened in 1970. In 1982 the Department of External Affairs exercised an option to purchase the official residence by acquiring all the issued and outstanding shares of Immobiliare San Sebastiano S.R.L.

CORPORATION DATA:

HEAD OFFICE:	Attention: Keith Plowman, External Affairs Department, 125 Sussex Drive Ottawa, Ontario K1A 0G2
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Right Honourable Joe Clark, P.C., M.P.
DEPARTMENT:	External Affairs
DATE AND MEANS OF INCORPORATION:	Italian civil code governing limited companies.
SOLE ADMINISTRATOR:	Robert Bradford Edmonds
AUDITOR:	il Dr. Giovanni Vigoriti

THE AUDITED FINANCIAL STATEMENTS FOR THE REPORT PERIOD
WERE NOT AVAILABLE AT DATE OF PRINTING

SUMMARY PAGE

STANDARDS COUNCIL OF CANADA

MANDATE:

To foster and promote voluntary standardization in fields relating to construction, manufacture, production, quality, performance and safety of buildings, structures, manufactured articles and products and other goods, not expressly provided for by law as a means of advancing the national economy, benefitting the public and protecting consumers.

BACKGROUND:

The Council coordinates the activities of organizations involved in standardization in Canada and represents Canada in international standardization organizations.

CORPORATION DATA:

HEAD OFFICE:	Suite 1210 350 Sparks Street Ottawa, Ontario K1R 7S8
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Michel Côté, P.C., M.P.
DEPARTMENT:	Consumer and Corporate Affairs
DATE AND MEANS OF INCORPORATION:	*Standards Council of Canada Act* (RSC 70 Chap. C-41, 1st supplement), Proclaimed 7 October 1970.
CHIEF EXECUTIVE OFFICER:	John R. Woods
CHAIRMAN:	Georges Archer
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million; the financial year ends March 31.

	1983-84	1982-83	1981-82
At the end of the period:			
Total Assets	4.0	3.6	3.0
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Equity of Canada	3.4	3.0	2.3
Cash from Canada in the period			
— budgetary	6.0	5.8	4.8
— non-budgetary	nil	nil	nil

Appendix

Standards Council of Canada

AUDITOR'S REPORT

TO THE STANDARDS COUNCIL OF CANADA
AND
THE HONOURABLE JUDY EROLA, P.C., M.P.
MINISTER OF CONSUMER AND CORPORATE AFFAIRS

I have examined the balance sheet of the Standards Council of Canada as at March 31, 1984 and the statements of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Council as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 4, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Cash and short-term deposits	3,617,063	3,359,169
Accrued interest	82,654	52,974
Accounts receivable		
Government of Canada	260,540	141,458
Other	54,983	67,134
Prepaid expenses	17,083	14,242
	4,032,323	3,634,977

LIABILITIES	1984	1983
	$	$
Accounts payable and accrued liabilities	454,241	470,064
Customer and other deposits	12,293	14,682
Provision for employee termination benefits	208,836	156,243
	675,370	640,989
EQUITY OF CANADA		
Surplus	3,356,953	2,993,988
	4,032,323	3,634,977

Approved by the Council:

JEAN R. ROY
President

JOHN R. WOODS
Executive Director

Appendix—*Concluded*

Standards Council of Canada—*Concluded*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Expenses		
Salaries, wages and employee benefits	2,651,902	2,500,444
Travel	897,349	786,080
Financial assistance to standards-writing organizations	873,500	824,000
Publications and printing	576,148	437,188
Membership in international organizations	452,568	461,440
Office accommodation	349,851	302,852
Direct cost of standards purchases	338,714	321,646
Telephone and postage	165,472	209,271
Professional and special services	161,561	107,349
International secretariat costs	137,732	147,703
Office furniture and equipment	107,529	122,440
Public relations	80,018	104,907
Office supplies	32,228	30,100
Meetings	30,336	168,961
Other	96,604	127,382
	6,951,512	6,651,763
Less: GATT Enquiry Point operating costs recovered from Department of Regional Industrial Expansion (1983—Industry, Trade and Commerce)	260,540	267,717
	6,690,972	6,384,046
Revenues		
Sale of standards	541,535	538,912
Interest income	510,324	729,605
Other	24,078	21,428
	1,075,937	1,289,945
Cost of operations	5,615,035	5,094,101
Parliamentary appropriation		
Consumer and Corporate Affairs Vote 15 (1983—Industry, Trade and Commerce Vote 80)	5,978,000	5,762,000
Excess of parliamentary appropriation over cost of operations for the year	362,965	667,899

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Appropriated (Note 3)		
Balance at beginning of the year	871,000	494,950
Appropriated during the year—Net	193,709	376,050
Balance at end of the year	1,064,709	871,000
Unappropriated		
Balance at beginning of the year	2,122,988	1,831,139
Excess of parliamentary appropriation over cost of operations for the year	362,965	667,899
Appropriated during the year—Net	(193,709)	(376,050)
Balance at end of the year	2,292,244	2,122,988
	3,356,953	2,993,988

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and objectives

The Standards Council of Canada was created by Parliament as a corporation under the Standards Council of Canada Act in 1970 to be the national co-ordinating body for voluntary standardization. The Council carries out its task through the National Standards System, a federation of accredited organizations concerned with standards-writing, certification and testing co-ordinated by the Council.

The objectives of the Council are to foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance and safety of buildings, structures, manufactured articles and products and other goods and to further international co-operation in the field of standards.

2. Significant accounting policies

(a) Statement of changes in financial position

A statement of changes in financial position has not been presented as, in the opinion of management, it would not add significantly to the information to be derived from these financial statements.

(b) Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Any amounts payable or receivable in foreign currencies at the end of the year are translated into Canadian dollars at the exchange rate in effect at the balance sheet date.

(c) Office furniture and equipment

The costs of office furniture and equipment are charged to operations in the year of acquisition.

(d) Employee termination benefits

Since 1978, employees have been entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(e) Pension plan

Since incorporation, employees have been covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Council. Contributions with respect to current service are expensed in the current period.

(f) Parliamentary appropriations

Parliamentary appropriations are recorded when received.

3. Appropriated surplus

	1984	1983
	$	$
Reserve towards cost of future in-house electronic data processing facility	500,000	500,000
Reserve towards cost of hosting the General Meeting of the International Electrotechnical Commission in 1985	517,835	324,126
Reserve for contingencies	46,874	46,874
	1,064,709	871,000

SUMMARY PAGE

TELEGLOBE CANADA

MANDATE:

To establish, maintain and operate in Canada and elsewhere, international telecommunications services for the conduct of public communications.

BACKGROUND:

Originally named the Canadian Overseas Telecommunications Corporation, its name was changed in 1975 by the *Teleglobe Canada Act*. The corporation has operated and added substantially to overseas cable and other communications systems for Canada. It is profitable and its privatization is being considered now.

CORPORATION DATA:

HEAD OFFICE:	680 Sherbrooke Street, West Montreal, Quebec H3A 2S4
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Sinclair Stevens, P.C., Q.C., M.P.
DEPARTMENT:	Regional Industrial Expansion
DATE AND MEANS OF INCORPORATION:	By the *Canadian Overseas Telecommunications Act* 1949 (RSC 70, Chapter C-11)
CHIEF EXECUTIVE OFFICER AND CHAIRMAN:	Jean-Claude Delorme
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: Late in 1984, the financial year-end which had been March 31 was changed to December 31.

	9 months to Dec. 31, 1984*	1983-84	1982-83	1981-82
	($ million)			
At the end of the period:				
Total Assets	574.6	520.0	448.7	399.4
Obligations to the private sector	68.3	64.4	43.9	6.3
Obligations to Canada	5.2	5.9	9.2	12.4
Equity of Canada	362.2	325.7	284.5	239.3
Cash from (to) Canada in the period				
— budgetary	nil	nil	(9.4)	(7.4)
— non-budgetary	(0.7)	(3.3)	(3.2)	(3.0)

* Subsequent to the Report period.

TELEGLOBE CANADA

AUDITOR'S REPORT

THE HONOURABLE JACOB AUSTIN, P.C., Q.C., SENATOR
MINISTER OF STATE FOR SOCIAL DEVELOPMENT

I have examined the balance sheet of Teleglobe Canada as at March 31, 1984 and the statements of income, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
May 18, 1984

BALANCE SHEET AS AT MARCH 31
(in thousands of dollars)

ASSETS	1984	1983
Current		
Cash and temporary investments, at cost (market value: 1984—$94,598; 1983—$82,139)	93,838	78,399
Accounts receivable	81,230	76,534
Prepaid expenses	2,127	1,745
	177,195	156,678
Fixed assets (Note 3)	332,193	291,526
Other assets		
Long-term receivables	9,400	
Deferred charges (Note 4)	1,171	475
	10,571	475
	519,959	448,679

LIABILITIES	1984	1983
Current		
Accounts payable	76,340	67,736
Income tax payable	1,666	4,820
Estimated amount due to Commonwealth Telecommunications Organisation Partners (Note 5)	1,915	4,463
Portion of long-term debt due within one year (Note 6)	3,908	5,608
	83,829	82,627
Long-term debt (Note 6)	66,402	47,496
Deferred credits		
Income tax (Note 9)	41,472	32,820
Other	2,593	1,249
	44,065	34,069
EQUITY OF CANADA		
Retained earnings	325,663	284,487
	519,959	448,679

Approved by the Board:

RONALD MONTCALM
Director

MICHAEL E. PHELPS
Director

JEAN-CLAUDE DELORME
President and Chief Executive Officer

TELEGLOBE CANADA—*Continued*

INCOME
YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Operating revenues		
Public services	182,656	157,767
Other services	7,574	7,663
Share of Intelsat and Inmarsat net revenues	11,383	8,385
	201,613	173,815
Operating expenses		
Salaries and benefits	50,883	48,964
Rental of circuits and maintenance	29,748	21,994
Rentals and office supplies	10,319	10,733
Depreciation and amortization	30,782	20,985
Other	15,361	17,074
	137,093	119,750
Estimated amount reimbursable to (recoverable from) Commonwealth Telecommunications Organisation Partners (Note 5)	182	(22,119)
	137,275	97,631
Operating income	64,338	76,184
Other income (Note 7)	19,914	28,388
	84,252	104,572
Financial charges (Note 8)	4,901	3,286
Income before income tax	79,351	101,286
Income tax (Note 9)	38,175	46,683
Net income	41,176	54,603

RETAINED EARNINGS
YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Balance, beginning of year	284,487	239,299
Net income	41,176	54,603
	325,663	293,902
Amount remitted to the Government of Canada		9,415
Balance, end of year	325,663	284,487

CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31
(in thousands of dollars)

	1984	1983
Source of funds		
Operations		
Net income	41,176	54,603
Items not affecting working capital		
Depreciation and amortization	30,782	20,985
Amortization of financial charges	358	600
Deferred income tax	8,652	8,511
Allowance for funds used during construction	(9,419)	(6,539)
	71,549	78,160
Proceeds from disposal of fixed assets	36,940	353
Long-term debt	22,814	37,585
Increase in other deferred credits	1,344	701
	132,647	116,799
Application of funds		
Acquisition of fixed assets	98,686	108,372
Long-term receivables	9,400	
Reduction of long-term debt	3,908	5,608
Deferred charges	1,338	178
Amount remitted to the Government of Canada		9,415
	113,332	123,573
Increase (decrease) in working capital	19,315	(6,774)
Working capital, beginning of year	74,051	80,825
Working capital, end of year	93,366	74,051

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and activities

Teleglobe Canada, created by the Teleglobe Canada Act, is mandated to establish, maintain and operate Canada's international telecommunication services and to coordinate these services with those of other countries.

2. Significant accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The Corporation follows the significant accounting policies summarized below:

(a) Fixed assets

Fixed assets are stated at acquisition cost, which include salaries, benefits and certain overhead costs related to construction activities. In addition, for major capital projects, an allowance for funds used during construction is included.

Fixed assets owned jointly are accounted for proportionally to the Corporation's share.

From time to time, the Corporation acquires indefeasible rights of user for international telecommunications circuits that extend over specific time periods. Furthermore, the Corporation may grant such rights on circuits owned by it, or grant such rights that have been previously acquired. The amounts paid or received according to the terms of these transactions are recorded as fixed assets and depreciated over the duration of each agreement.

The Corporation has been designated by the Government of Canada to be the Canadian signatory to the International Telecommunications Satellite Organization (Intelsat). Periodically, each signatory's ownership share is adjusted to conform to its percentage of total use of the system or any other

percentage elected within the terms of the agreement. Teleglobe Canada's ownership share is reported in fixed assets and depreciated in accordance with the fixed assets depreciation policy.

(b) Allowance for funds used during construction

The rate applied in determining the allowance for funds used during construction of major capital projects is based principally on the interest rate established by the Minister of Finance for mid-term Government loans to Crown corporations. This allowance is accounted for as income during the construction period of these facilities.

(c) Depreciation of fixed assets

Fixed assets are depreciated over the estimated service lives of the assets, using the straight-line method.
When depreciable assets are taken out of service, their net book value, less salvage, is charged to depreciation. When other assets are taken out of service, any resulting gain or loss is reflected in income.
In the event of a satellite launch failure or breakdown of an orbiting satellite, the costs are depreciated over the life of the group of satellites.

(d) Commonwealth Telecommunications Organisation (CTO)

The Corporation is the designated Canadian participant in the CTO, the purposes of which are to promote the development and efficient operation of the Commonwealth external telecommunications system and to provide for the administration of collaborative financial arrangements.
The Commonwealth Telecommunications Organisation Financial Agreement of 1973 provides that aggregate expenses incurred by all Partners in the use and operation of the global system are apportioned to Partners based on their use of each facility. Use of the system is measured in terms of number of units of traffic carried over each facility. Final allocations of these expenses are effected on the basis of audited data submitted by each Partner. However, provisional settlements are made between Partners during each financial year on the basis of estimated traffic volumes and system costs. Since all of the final data is not available at the end of its financial year, the Corporation records estimated recoverable costs for the current financial year and adjusts the estimates for the previous years when additional information becomes available and at the time final settlements are made.
The Financial Agreement referred to above will be terminated, retroactive to March 31, 1983, when the governments of the 26 CTO member countries have signed the terminating agreement. It will be replaced by the CTO Financial Agreement of 1983 which will take effect retroactive to April 1, 1983 for those CTO Partners which will have signed the new agreement. Since the Corporation signed to terminate the 1973 Financial Agreement and also signed the 1983 Financial Agreement in the financial year ended March 31, 1984, the provisions of the new agreement were put into effect during this same year.
In accordance with the 1983 Financial Agreement, tariffs and use of the system will be negotiated between Partners on a bilateral basis with preferential tariffs available in certain cases and operating costs accounted for on an accrual basis. These new arrangements went into effect despite the fact that 4 of the 26 countries that were signatories to the 1973 Financial Agreement have not yet signed the terminating agreement.

(e) Operating revenues

Public services

Revenues from public services rendered through the Corporation's telecommunications network (telephone, telex and telegraph) represent the Corporation's portion of amounts billed to domestic and foreign subscribers by domestic carriers and foreign administrations. Estimates are included to provide for that part of revenues for which domestic carriers and foreign administrations have yet to report to the Corporation.
Public services revenues are also derived from leasing circuits to foreign carriers for routing their traffic through Canada.
The Corporation's voluntary contribution to developing CTO Partners, in accordance with the 1983 Financial Agreement, is deducted from public service revenues.

Other services

Revenues from other services are derived primarily from leasing circuits, owned or leased by the Corporation, to private users.

Share of Intelsat and Inmarsat net revenues

The Corporation's share of Intelsat and Inmarsat net revenues represents its share of revenues from the international satellite telecommunications system as well as from the international maritime satellite system, less its share of operating costs excluding depreciation.

(f) Foreign currency translation

Assets, liabilities, revenues and expenses arising from foreign currency transactions are translated into Canadian dollars by using the average exchange rate for the month in which the transactions occur, except when the transactions are hedged.
When a purchase or sale of goods or services in a foreign currency is hedged before the transaction, the Canadian dollar price of such goods or services is established by the terms of the hedge. If the hedge is incomplete as a result of having entered into a contract involving a foreign currency other than that of the transaction and Canadian dollars, the price of the goods or services is first established by the terms of the foreign exchange contract entered into and then translated into Canadian dollars by using the average exchange rate of that intermediate currency for the month in which the transaction occurred.
When a purchase or sale of goods or services in a foreign currency is hedged after the transaction, completely or in part as described above, the amount in Canadian dollars of the payable or receivable is restated according to the terms of the foreign exchange contract constituting the hedge. The difference thus recognized is reflected in income as a gain or loss on foreign exchange.
As at the end of a financial year, monetary items denominated in foreign currencies are adjusted to reflect the exchange rates in effect as at the date of the balance sheet. For items hedged by way of forward exchange contracts, the difference thus recognized is deferred. The gain or loss recognized on other items is reflected in current earnings as a gain or loss on foreign exchange, except for that portion which relates to monetary items with a fixed or ascertainable life extending beyond one year from the end of the financial year. In these cases, the gain or loss is deferred and amortized over the remaining life of the related monetary item using the straight-line method. The unamortized balance of the deferred gain or loss on foreign exchange is recorded in the balance sheet as a deferred credit or as a deferred charge. The effect of the forward exchange contracts on the long-term debt is recorded as an element of long-term debt.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

Commitments in foreign currencies are translated into Canadian dollars at the exchange rates in effect as at the date of the balance sheet, except when they are hedged in which case the terms of the foreign exchange contracts are used.

(g) Pension plan

All employees of the Corporation are covered by the pension plan administered by the Government of Canada. These employees and the Corporation are required to contribute to the cost of the plan for current services. These contributions represent the total liability of the Corporation in this matter and are accounted for on a current basis.

(h) Retirement benefits

A benefit equivalent to one half of accumulated unused sick leave days up to March 31, 1981, with an additional credit of five days for every year of service after that date, calculated at the salary level in effect at the time of retirement, is payable to employees upon retirement. The cost of the benefit is expensed in the year in which it is earned by employees.

3. Fixed assets

(a) The main classes of fixed assets are as follows:

	1984			1983
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land	4,927		4,927	4,818
Buildings and leasehold improvements	40,738	12,454	28,284	18,578
Furnishings	8,543	3,527	5,016	4,612
Cable systems	113,637	56,697	56,940	39,490
Terminal, transmission and switching equipment	185,375	94,336	91,039	79,614
International satellite system space segment (Intelsat-Inmarsat)	39,836	23,810	16,026	14,789
Other plant and equipment	25,987	15,247	10,740	8,261
Construction in progress	119,221		119,221	121,364
	538,264	206,071	332,193	291,526

(b) Fixed assets owned outright by the Corporation or owned jointly with other telecommunication entities are as follows:

	1984			1983
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Owned outright	316,135	119,810	196,325	145,095
Owned jointly (Corporations's share)	222,129	86,261	135,868	146,431
	538,264	206,071	332,193	291,526

(c) The estimated service lives for the main classes of fixed assets for purposes of depreciation are as follows:

	Number of years
Buildings	13 to 40
Leasehold improvements	over the term of the lease
Furnishings	8 to 10
Cable systems	20 to 28
Terminal, transmission and switching equipment	1 to 20
International satellite system space segment (Intelsat-Inmarsat)	6 to 12
Other plant and equipment	1 to 25

(d) As at March 31, 1984, construction in progress includes an amount of $35,471,900 ($26,320,145 as at March 31, 1983) for the international satellite system space segment (Intelsat-Inmarsat).

(e) As at March 31, 1984, the Corporation's ownership share in Intelsat is 2.981573 percent (2.956855 percent as at March 31, 1983) and its ownership share in Inmarsat is 2.57122 percent (2.61585 percent as at March 31, 1983).

4. Deferred charges

Unamortized deferred charges include:

	1984	1983
	(in thousands of dollars)	
Financial commitment charges related to the ANZCAN project	210	849
Interconnection costs of the Laurentides Earth Station	47	332
Unrealized losses on foreign exchange related to long-term debt	1,171	178
	1,428	1,359
Less: current portion included in prepaid expenses	257	884
	1,171	475

5. Financial Arrangements under the Commonwealth Telecommunications Organisation (CTO) Financial Agreement of 1973

(a) Final settlements of CTO partnership accounts

As at March 31, 1984, the Corporation had submitted its audited data on incurred costs and traffic volumes for the financial years ended March 31, 1981. However, because some Partners were late in submitting their audited data, partnership accounts have only been finalized up to March 31, 1980.

(b) Estimated amount due to CTO Partners

As at March 31, 1984, the Corporation had recorded the sum of $28,871,000 as provisional settlements for the years since March 31, 1980. Of this amount, the Corporation estimates that it may have to remit the sum of $1,915,000 upon final settlement. These amounts are broken down by financial year as follows:

Year ended March 31	Provisional settlement	Estimated amount recoverable	Estimated amount due
	(in thousands of dollars)		
1981	9,789	9,789	
1982	9,610	8,649	961
1983	9,472	8,518	954
	28,871	26,956	1,915

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

(c) Estimated amount reimbursable to CTO Partners

The estimated amount reimbursable to CTO Partners reflected in the Corporation's income comprises the following:

	1984	1983
	(in thousands of dollars)	
Adjustment of the estimated amount due to Partners for which accounts		
have been finalized	(505)	(11,434)
have not been finalized	687	(2,167)
Estimated amount recoverable for the year		(8,518)
	182	(22,119)

6. Long-term debt

As at March 31, 1984, the Corporation's long-term debt comprises loans from the Government of Canada bearing interest at rates ranging from $3\frac{1}{2}$ percent to $5\frac{3}{4}$ percent, and amounts owing to the prime contractors of the ANZCAN cable system bearing interest at the rate of $8\frac{3}{4}$ percent payable in pounds sterling and in United States dollars.

The Corporation has entered into agreements with the two prime contractors of the ANZCAN project whereby they will be paid 15 percent of contract costs as work progresses. The balance will be paid in 17 semi-annual installments commencing with the completion of construction expected for November 1984. According to the terms of one of the agreements, payments by the Corporation to the prime contractor are secured by means of bills of exchange drawn by him and accepted by the Corporation.

As described in Note 10(b), the Corporation has entered into forward exchange contracts to protect itself against the fluctuations of the pound sterling. The effect of this protection has been recorded as an element of long-term debt.

As at March 31, 1984, the details of the long-term debt are as follows:

Maturities	Loans from Government of Canada	Amounts owing to the prime contractors of the ANZCAN project	Effect of forward exchange contracts	Total
	(in thousands of dollars)			
1985	1,297	2,187	424	3,908
1986	1,362	6,318	969	8,649
1987	1,188	6,318	969	8,475
1988	318	6,318	969	7,605
1989	332	6,318	969	7,619
1990-98	1,378	28,312	4,364	34,054
	5,875	55,771	8,664	70,310
Portion due within one year	1,297	2,187	424	3,908
	4,578	53,584	8,240	66,402

7. Other income

	1984	1983
	(in thousands of dollars)	
Interest from temporary investments	9,502	15,339
Allowance for funds used during construction	9,419	6,539
Other interest	1,782	2,169
Other	450	136
Gain (loss) on foreign exchange	(1,239)	3,779
Gain on disposal of temporary investments		426
	19,914	28,388

8. Financial charges

	1984	1983
	(in thousands of dollars)	
Interest on long-term debt	3,478	1,862
Other interest	1,065	824
Amortization of financial commitment charges related to the ANZCAN project	358	600
	4,901	3,286

9. Income tax

As a federal Crown corporation, Teleglobe Canada is not subject to provincial income taxes. Being a corporation specified in Schedule D to the Financial Administration Act, it is subject to federal income tax.

Deferred income tax results principally from timing differences between depreciation of fixed assets for accounting and income tax purposes.

Income tax expense comprises:

	1984	1983
	(in thousands of dollars)	
Current	29,523	38,172
Deferred	8,652	8,511
	38,175	46,683

10. Commitments

(a) Construction in progress

As at March 31, 1984, the estimated cost of completing construction projects, planned and in progress, amounts to approximately $131,800,000, of which $65,800,000 relates to the year ending March 31, 1985. Contractual commitments outstanding as at March 31, 1984 amount to approximately $24,537,000.

(b) Forward exchange contracts

As a result of the Corporation's participation in the ANZCAN project, the Corporation must make payments to a prime contractor in pounds sterling during the period extending from 1984 to 1993.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

To protect itself against this foreign currency exposure, the Corporation has entered into forward exchange contracts with two Canadian chartered banks to buy a total of 43,229,000 pounds sterling. The amounts involved under the contracts, estimated to cover construction costs and interest charges, are as follows:

Maturities	Pounds sterling	Canadian dollars	United States dollars
		(in thousands)	
1985	870	2,012	
1986	6,624		10,754
1987	5,769		9,421
1988	5,459		8,964
1989-93	24,507		41,258
	43,229	2,012	70,397

At the rates in effect at March 31, 1984, the exchange value of 870,000 pounds sterling hedged in Canadian dollars was CAN $1,601,000 and of 42,359,000 pounds sterling hedged in United States dollars was US $61,103,000.

(c) Long-term leases

The Corporation is a party to long-term leases for property and facilities used in the course of its activities. The aggregate minimum annual rentals which will be paid in subsequent years are:

	(in thousands of dollars)
1985	13,554
1986	12,715
1987	8,516
1988	8,238
1989	7,930
1990-94	8,871

Rental expenses for property and facilities for the year ended March 31, 1984 are $15,467,000 ($14,577,000 in 1983).

(d) Agreement with the Department of Transport

Under the terms of an agreement between the Corporation and the Department of Transport, the Corporation charters the cableship/icebreaker C.C.G.S. John Cabot on a cost reimbursement basis for periods of actual usage. This agreement is cancellable on 12 months notice. The Corporation incurred a cost under this agreement of $6,271,000 during the financial year ended March 31, 1984 ($6,883,000 in 1983).

(e) Intelsat commitments

As at March 31, 1984, the Corporation's share of Intelsat's outstanding commitments is approximately $50,033,000 based on their audited financial statements as at December 31, 1983.

11. Contingencies

(a) Retirement compensation benefits

Prior to November 1, 1974, the Corporation provided for a post-retirement life insurance plan for its retired employees. As at that date the plan was replaced by a retirement compensation benefit for all employees on staff at the time. The cost of this benefit is recognized in the accounts in the year in which payments are made. As at March 31, 1984, the maximum liability of the Corporation under this plan, should all entitled employees retire while in the service of the Corporation, amounts to $1,821,250 ($1,902,250 as at March 31, 1983).

(b) Estimated amount due to CTO Partners

As described in Note 5, the Partner's accounts in respect of the Commonwealth Telecommunications Organisation Financial Agreement of 1973 have been finalized to March 31, 1980. For those years in respect of which accounts have not been finalized, the Corporation has provided in its liabilities for the excess of provisional settlements received over the estimated recoverable amounts. However, the results of the final settlements for those years could differ from the estimated amounts.

SUMMARY PAGE

URANIUM CANADA, LIMITED

MANDATE:

To negotiate, execute and perform agreements for the purchase, stock-piling and sale of uranium concentrates, and to do anything necessary or incidental thereto.

BACKGROUND:

The corporation accumulated 14 million pounds of uranium oxide much of which was sold in an orderly fashion. The last of the stockpile was transferred to Eldorado Nuclear Limited in 1981 and Uranium Canada is to be wound-up soon.

CORPORATION DATA:

HEAD OFFICE:	c/o NSERC, Centennial Tower, 200, Kent Street, Ottawa, Ontario K1A 1H5
STATUS:	— Schedule C, Part I — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Patricia Carney, P.C., M.P.
DEPARTMENT:	Energy, Mines and Resources
DATE AND MEANS OF INCORPORATION:	Letters Patent — *Canada Corporations Act* 71/06/21. Continued under *Canada Business Corporations Act* 80/11/04
CHIEF EXECUTIVE OFFICER:	G.M. MacNabb
CHAIRMAN:	Vacant
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: The Corporation has negligible assets and is inactive.

URANIUM CANADA, LIMITED

AUDITOR'S REPORT

THE HONOURABLE JEAN CHRÉTIEN, P.C., Q.C., M.P.
MINISTER OF ENERGY, MINES AND RESOURCES

I have examined the balance sheet of Uranium Canada, Limited as at December 31, 1983. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Corporation as at December 31, 1983 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statement is in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 10, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983

ASSETS	1983	1982	EQUITY OF CANADA	1983	1982
	$	$		$	$
Cash	9	9	Capital stock		
			Authorized and issued		
			1,000 shares of no par value	9	9
	9	9		9	9

Approved by the Board:

G. M. MacNABB
Director

A. S. RUBINOFF
Director

URANIUM CANADA, LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 1983

1. Objective of the Corporation

The objective of the Corporation is to negotiate, execute and perform agreements for the purchase, stockpiling and sale of uranium concentrates and to do or procure the doing of anything necessary or incidental thereto, all subject to the approval of the Governor in Council. Since the transfer of the uranium stockpile to Eldorado Nuclear Limited in 1981, the Corporation has not transacted any purchases or sales, therefore no revenue has been generated or expenses incurred, and accordingly, a statement of operations has not been presented.

2. Combines investigation

In 1981, the Corporation, together with five Canadian Uranium producers, was charged under section 32(1)(c) of the Combines Investigation Act that it "did conspire, combine, agree or arrange . . . to prevent or lessen, unduly, competition in the production, manufacture, purchase, sale or supply in Canada of uranium, uranium oxide and other uranium substances between September 1, 1970 and April 1, 1978".

The Supreme Court of Ontario issued an Order on April 23, 1982, prohibiting the Provincial Court from proceeding with the inquiry into the charge made against the Corporation, on the grounds that it is immune from prosecution under the Combines Investigation Act. An appeal by the Crown heard on June 11, 1982 was dismissed by the Court of Appeal in the Supreme Court of Ontario.

A further appeal by the Crown was heard on January 27, 1983 in the Supreme Court of Canada. The Court pronounced Judgment on December 15, 1983 that the two Crown corporations involved in the case are immune from the terms of the Combines Investigation Act as agents of the Crown, and the Provincial Court Judge lacked jurisdiction to inquire into the charges. Subsequently the Provincial Court stayed proceedings in this matter under Section s. 508 of the Criminal Code.

3. Services provided without charge

Administrative services are provided to the Corporation without charge by the Department of Energy, Mines and Resources and are not recorded in this financial statement.

SUMMARY PAGE

VANCOUVER PORT CORPORATION

MANDATE:

Administration, management and control of the Vancouver harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, The National Harbours Board.

BACKGROUND:

The Vancouver Port Corporation was established on July 1, 1984 pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of The National Harbours Board and, since February 1983, the Canada Ports Corporation. Vancouver is the largest port in Canada. A record 59.3 million tonnes of cargo passed through the Port in 1984, an increase of 14.8% from the previous year. Coal (19.8 million tonnes) and grain (10.9 million tonnes) are the most important commodities; however, sulphur and potash are growing in importance.

CORPORATION DATA:

HEAD OFFICE:	1900 Granville Square 200 Granville Street Vancouver, British Columbia V6C 2P9
STATUS:	— Schedule C, Part II — an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS TO INCORPORATION:	July 1, 1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 6.2(1) of the *Canada Ports Corporation Act*.
CHIEF EXECUTIVE OFFICER:	Francis J. MacNaughton
CHAIRMAN:	H.D. Perry
AUDITOR:	The Auditor General of Canada

FINANCIAL SUMMARY: $ million: the financial year is the calendar year.

	1984	Six months to Dec. 31, 1984
At the end of the period:		
Total Assets	221.0	206.3
Obligations to the private sector	nil	nil
Obligations to Canada	108.5	108.7
Equity of Canada	98.6	81.8
Cash from Canada in the period		
— budgetary	nil	nil
— non-budgetary	nil	nil

VANCOUVER PORT CORPORATION

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
VANCOUVER PORT CORPORATION

I have examined the balance sheet of Vancouver Port Corporation as at December 31, 1983 and the statements of income and retained earnings and changes in financial position for the six months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the six months then ended in accordance with generally accepted accounting principles consistently applied.

I further report that, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 8, 1984

BALANCE SHEET AS AT DECEMBER 31, 1983
(in thousands of dollars)

ASSETS	1983
Current	
Cash	259
Investments (Note 3)	29,884
Accounts receivable	9,639
Materials and supplies	570
	40,352
Long-term	
Investments (Note 3)	9,348
Receivables (Note 4)	4,929
	14,277
Fixed (Note 5)	151,708
	206,337

LIABILITIES	1983
Current	
Accounts payable and accrued liabilities	6,737
Grants in lieu of municipal taxes	5,095
Deferred revenues	3,303
	15,135
Long-term	
Accrued employee benefits	839
Loans from Canada (Note 6)	108,538
	109,377
	124,512
EQUITY OF CANADA	
Contributed capital (Note 1)	7,733
Retained earnings	74,092
	81,825
	206,337

Approved by the Board:

MARION ROBSON
Chairman

ALAN F. CAMPNEY
Director

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983
Revenue from operations	42,484
Operating and administrative expenses	32,911
Grants in lieu of municipal taxes (Note 7)	3,202
Depreciation	1,837
Interest expense	187
	38,137
Income from operations	4,347
Investment income	2,309
Net income	6,656
Retained earnings transferred from Canada Ports Corporation (Note 1)	67,436
Retained earnings at end of the period	74,092

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE SIX MONTHS ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1983
Funds provided	
Operations	
Net income	6,656
Items not requiring an outlay of funds	
Depreciation	1,837
Other	(34)
	8,459
Proceeds on sale of long-term investments	2,642
Reduction of long-term receivables	319
	11,420
Funds employed	
Additions to fixed assets	15,132
Reduction of long-term loans from Canada	149
	15,281
Decrease in working capital	3,861
Working capital transferred from Canada Ports Corporation (Note 1)	29,078
Working capital at end of the period	25,217

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1983

1. Incorporation and objectives

The Vancouver Port Corporation (the Corporation) was established effective July 1, 1983 as a local port corporation pursuant to the Canada Ports Corporation Act and is named as an Agency Crown corporation in Schedule C of the Financial Administration Act. The Corporation is exempt from income taxes.

The objectives of the Corporation are to create a port environment which facilitates the efficient and economic movement of goods through the Port of Vancouver and to effectively plan and manage the Port's resources.

In accordance with the Canada Ports Corporation Act, all assets and liabilities of the Canada Ports Corporation (C.P.C.), formerly National Harbours Board, relating to the Port of Vancouver were transferred to the Corporation by C.P.C. effective July 1, 1983. The net assets transferred were recorded by the Corporation as contributed capital of $7,733,000 and retained earnings of $67,436,000 at the book values established in the accounts of C.P.C. as follows:

	(in thousands of dollars)
Current assets	44,390
Current liabilities	15,312
Working capital	29,078
Long-term investments	11,952
Long-term receivables	5,248
Fixed assets (cost $182,865 less accumulated depreciation $44,443)	138,422
Long-term accrued employee benefits	(844)
Long-term loans from Canada	(108,687)
	75,169

The results of operations of the Port of Vancouver prior to July 1, 1983 were included in the financial statements of Canada Ports Corporation.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances. A summary of the significant accounting policies of the Corporation is as follows:

Fixed assets and depreciation

Fixed assets are recorded at cost except for those transferred to C.P.C. from Canada which are recorded at values established at the time of transfer (appraised or fair market value) to C.P.C. Depreciation of fixed assets is calculated on the straight-line basis at rates based on the estimated useful lives of the assets as follows:

Dredging	40 years
Berthing structures, buildings, roads and surfaces	10 to 40
Utilities	10 to 33
Machinery and equipment	1 to 20

Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

Insurance

The Corporation assumes substantially all risks against fire and general perils, as well as for worker's compensation claims. Any costs arising from these risks are recorded in the accounts in the period incurred.

Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the period of settlement.

Employee benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay and annual leave. These benefits are provided for under collective agreements and corporate policy.

3. Investments

Funds are invested in Government of Canada treasury bills (current) and bonds (long-term) which are shown at amortized cost, with premiums or discounts amortized over the periods to maturity. At December 31, 1983, the market value of treasury bills approximated carrying value and the market value of bonds was $8,783,000.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983—*Concluded*

4. Long-term receivables

Long-term receivables originally resulting from sales of fixed assets by C.P.C. become due over periods from 12 to 15 years at interest rates varying from 5.75% to 6.625%.

5. Fixed assets

	Cost	Accu-mulated deprecia-tion	Net
	(in thousands of dollars)		
Land	79,079		79,079
Dredging	247	141	106
Berthing structures	40,706	18,914	21,792
Buildings	19,287	6,757	12,530
Utilities	9,097	3,447	5,650
Roads and surfaces	21,447	9,039	12,408
Machinery and equipment	10,104	5,314	4,790
Office furniture and equipment	511	426	85
Projects under construction	15,268		15,268
	195,746	44,038	151,708

6. Loans from Canada

	(in thousands of dollars)
Interest bearing loan at 7.5% repayable in blended annual instalments until December 31, 2000	4,816
Less: current portion	149
	4,667
Non-interest bearing loan with an indefinite due date	76,494
Accrued interest not due and payable	27,377
	108,538

Principal repayment requirements over the next five years amount to $149,000 in 1984, $160,000 in 1985, $173,000 in 1986, $185,000 in 1987 and $199,000 in 1988.

7. Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes includes $1,334,000 for provisional grant assessments received in the period and applicable to the period prior to July 1, 1983.

8. Commitments and contingencies

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $4.6 million which will be expended in the year ended December 31, 1984. In addition, the Corporation is presently finalizing an agreement with Canada Harbour Place Corporation for the construction of a cruise ship facility at Canada Place in Vancouver, B.C. for which the cost to the Corporation is expected to amount to $24.8 million during 1984 and 1985.

Claims aggregating approximately $2 million in respect of lawsuits, guarantees, employee agreements, damage allegedly suffered on the Corporation's property and sundry other matters in dispute have been made against the Corporation. In the opinion of management, the final outcome of such claims will not result in any material loss.

SUMMARY PAGE

VIA RAIL CANADA INC.

MANDATE:

To manage rail passenger services in Canada in such a manner as to improve their efficiency, effectiveness and economy.

BACKGROUND:

In accordance with contracts with the Minister of Transport, VIA Rail operates intercity, transcontinental, regional and remote passenger train services over CN and CP railway tracks.

CORPORATION DATA:

HEAD OFFICE:	2 Place Ville-Marie, Montreal, Quebec H3B 2G6
STATUS:	— Schedule C, Part I — *not* an agent of Her Majesty
APPROPRIATE MINISTER:	The Honourable Donald F. Mazankowski, P.C., M.P.
DEPARTMENT:	Transport
DATE AND MEANS OF INCORPORATION:	Incorporated under the *Canada Business Corporations Act* on January 12, 1977. The Minister of Transport acquired all common shares on April 1, 1978.
CHIEF EXECUTIVE OFFICER	Pierre A.H. Franche
CHAIRMAN:	Lawrence Hanigan
AUDITOR:	Samson Belair

FINANCIAL SUMMARY: $ million; the financial year is the calendar year.

	1984*	1983	1982	1981
At the end of the year:				
Total Assets	749.8	652.4	538.4	401.6
Cash and Short Term Securities	27.4	157.2	131.3	26.2
Obligations to the private sector	nil	nil	nil	nil
Obligations to Canada	nil	nil	11.0	19.7
Equity of Canada	608.8	531.5	383.5	277.7
Cash from Canada in the period				
— budgetary	473.5	597.6	534.8	530.9
— non-budgetary	nil	nil	nil	nil

* Subsequent to the Report period.

VIA RAIL CANADA INC.

RESPONSIBILITY FOR PREPARATION AND INTEGRITY OF FINANCIAL STATEMENTS

The management of VIA is responsible for the preparation and integrity of the financial statements contained in the Annual Report. These statements have been prepared in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgement. Management considers that the statements present fairly the financial position of VIA and the results of its operations.

To fulfill its responsibility, VIA maintains systems of internal accounting controls, policies and procedures to ensure the reliability of financial information and to safeguard assets. The internal control systems and financial records are subject to reviews by internal auditors and by Samson Bélair, Chartered Accountants, during the examination of the financial statements.

The Audit Committee of the Board of Directors meets periodically with the internal and external auditors, and with management to approve the scope of audit work and to assess reports on audit work performed. The financial statements have been reviewed by the Audit Committee and approved by the Board of Directors upon their recommendation.

AUDITORS' REPORT

TO THE HONOURABLE
THE MINISTER OF TRANSPORT

We have examined the statements of income and retained earnings and changes in financial position of VIA Rail Canada Inc. for the year ended December 31, 1983 and its balance sheet at that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements are properly drawn up so as to give a true and fair view of the state of affairs of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under our notice have been within the powers of the Corporation.

SAMSON BÉLAIR
Chartered Accountants

Montreal, Canada
February 9, 1984

BALANCE SHEET AS AT DECEMBER 31
(in thousands of dollars)

	1983	1982
Current assets		
Cash and short-term securities	157,157	131,252
Accounts receivable	9,329	7,644
Advance on contracts (Note 3)	22,680	
Due from the Government of Canada	18	22,622
Materials and supplies	909	1,100
	190,093	162,618
Long-term assets		
Property and equipment (Note 4)	450,461	347,328
Deferred charges, less accumulated amortization of $17,456 (1982—$10,910)	11,827	12,695
Advance on contract		15,775
	462,288	375,798
	652,381	538,416

	1983	1982
Current liabilities		
Accounts payable and accrued liabilities	112,834	137,199
Advance ticket sales	2,977	3,290
Current portion of long-term debt		8,809
	115,811	149,298
Long-term liabilities		
Long-term debt		2,175
Deferred income taxes	5,033	3,468
	5,033	5,643
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	9,300	9,300
Contributed surplus (Note 6)	517,129	370,689
Retained earnings	5,108	3,486
	531,537	383,475
	652,381	538,416

Signed on behalf of the Board:

CLARENCE SURETTE
Director and Chairman of the Audit Committee

HAROLD A. RENOUF
Director and Chairman of the Board

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Revenue		
Passenger (Note 12)	173,325	161,994
Contract	451,200	431,620
Other	21,188	16,966
	645,713	610,580
Expenses		
Operations and maintenance (Notes 1b and 2d)	418,220	389,101
Customer and support services (Note 12)	135,618	139,770
Administrative	37,857	34,079
General and corporate expenses	17,964	9,533
Depreciation and amortization	26,700	24,842
Loss on retirement of assets	6,167	5,717
	642,526	603,042
Income before income taxes	3,187	7,538
Provision for deferred income taxes	1,565	3,832
Net income	1,622	3,706
Retained earnings		
Balance at beginning of year		
As previously reported	2,831	2,443
Prior period adjustments (Note 7)	655	(2,663)
As restated	3,486	(220)
Balance at end of year	5,108	3,486

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1983	1982
Source of Funds		
Operations		
Net income for the year	1,622	3,706
Items not affecting current funds		
Depreciation and amortization	26,700	24,842
Deferred income taxes	1,565	3,832
Loss on retirement of assets	6,167	5,717
Funds provided from operations	36,054	38,097
Capital advances from the Government of Canada	146,440	103,169
	182,494	141,266
Application of Funds		
Acquisition of property and equipment	129,454	91,445
Deferred charges	5,678	6,895
Reduction of long-term debt	2,175	8,809
Advance on contract	(15,775)	15,775
	121,532	122,924
Increase in working capital	60,962	18,342
Working capital (deficiency) at beginning of year—Restated	13,320	(5,022)
Working capital at end of year	74,282	13,320

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983

1. Operating Agreements

(a) Railway Passenger Service Contract

The Corporation has entered into an agreement with the Government of Canada whereby the Corporation is to provide services, activities and undertakings relating to the provision, management and operation of railway passenger services in Canada.

The agreement also provides that the Minister of Transport and the Corporation shall enter into Subsidiary Service Request Agreements with respect to specified intercity rail passenger services.

(b) Canadian National Railway Company and Canadian Pacific Limited

The Corporation has entered into operating agreements with the railways for the use of tracks, facilities, train personnel and rolling stock servicing. Agreements have also been entered into for the refurbishing of rolling stock.

During the year, the costs relating to these agreements amounted to $379,865,000 ($357,440,000 in 1982) and are included in operations and maintenance.

2. Summary of Significant Accounting Policies

(a) Revenue Recognition

Passenger revenue is recognized when earned. Contract revenue is recognized on a realized and estimated basis.

(b) Operating and Refurbishing Costs

Charges from the contracting railways in respect to the operating and refurbishing agreements are recorded on an incurred and estimated basis.

The charges are subject to adjustment by the Canadian Transport Commission following a review of the actual costs incurred each year by the parties concerned.

(c) Materials and Supplies

Materials and supplies are recorded at the lower of cost, determined on the first-in, first-out method, and replacement value.

(d) Property and Equipment

Property and equipment is recorded at cost. Property and equipment includes the capitalization of the costs of refurbishing and rebuilding of rolling stock, for the first time. This is incurred to improve and extend the useful lives of the assets concerned. The costs of refurbishing and rebuilding of rolling stock, for a second time, except for major renewals, are charged to operations.

During the year, second time refurbishing and rebuilding costs amounted to $17,124,900 (nil in 1982) and are included in operations and maintenance.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1983—*Concluded*

(e) Depreciation

Depreciation of rolling stock is calculated on a straight-line basis at rates designed to write it off over its estimated useful life. Rolling stock is depreciated over an eight to thirty-year period.

Stations are depreciated on a straight-line basis over a five-year period.

Office furniture and equipment is depreciated on a straight-line basis over a ten-year period.

Leasehold and infrastructure improvements are amortized over the terms of the leases or with reference to the estimated useful life, as appropriate. Amortization periods vary from ten to thirty-eight years.

No depreciation is provided for projects in progress.

(f) Deferred Charges

Deferred charges consist primarily of the cost incurred for the development of an automated reservation and ticketing system and of information systems. These are amortized over seven and five year periods respectively.

(g) Pensions

Current service costs are charged to operations and funded as they accrue.

Prior service costs are charged to operations and funded by annual payments covering principal and interest over periods not exceeding twenty-five years.

(h) Income Taxes

The tax allocation basis of accounting for income taxes is followed whereby tax provisions are based on accounting income and taxes relating to timing differences between accounting and taxable income are deferred.

3. Advance on contracts

Advance on contracts represent deposits made on capital projects for the construction of maintenance facilities, infrastructure improvements and the purchase of rolling stock.

4. Property and equipment

	1983	1982
	(in thousands of dollars)	
Land	365	362
Rolling stock	336,121	310,456
Stations	2,790	2,404
Office furniture and equipment	12,013	3,600
Leasehold and infrastructure improvements	18,110	17,597
	369,399	334,419
Accumulated depreciation and amortization	57,485	38,003
	311,914	296,416
Projects in progress	138,547	50,912
	450,461	347,328

5. Share capital

	1983	1982
	(in thousands of dollars)	
Authorized		
An unlimited number of common shares of no par value		
Issued and fully paid		
93,000 common shares	9,300	9,300

6. Contributed surplus

Contributed surplus represents advances received from the Government of Canada for capital expenditures.

7. Prior period adjustments

Retained earnings at January 1, 1983 have been corrected to reflect actual charges on rail costs. These corrections increased retained earnings at that date by $3,004,100 net of deferred taxes of $3,101,900. In addition, as a result of sales tax assessments applicable to years 1978 to 1982, the balance of retained earnings at January 1, 1983 has been adjusted. Of the adjustment, $2,633,400 net of deferred taxes of $1,337,800 is applicable to 1982 and has been charged to income for that year. The remainder is applicable to years prior to January 1, 1982 and the balance of retained earnings at that date has been adjusted accordingly.

8. Commitments

As at December 31, 1983 the Corporation has outstanding commitments for the purchase of property and equipment amounting to approximately $30,490,000.

9. Leases

The Corporation has certain lease commitments for the rental of buildings, equipment and computer services with aggregate net rentals of approximately $13,500,000 per annum expiring at various dates to 2004.

10. Pension plan

The Corporation has retirement benefit plans covering all its permanent employees under which they are entitled to benefits at retirement age, based on compensation and length of service. An actuarial valuation of the pension plans was carried out at December 31, 1981. Based on this actuarial valuation, the unfunded liability in respect of past service costs at December 31, 1983 amounted to approximately $33,512,000 ($50,816,000 in 1982). Total pension costs charged to operations for the year was $11,507,000 ($20,856,000 in 1982) including past service costs of $7,597,000 ($16,914,000 in 1982).

11. Related party transactions

VIA Rail Canada Inc. is a Crown Corporation with all of the issued shares owned by the Government of Canada.

In the normal course of business, the Corporation contracts with other Crown Corporations which in 1983 amounted to $328,648,000 ($324,975,000 in 1982). The amounts payable to these Crown Corporations at December 31, 1983 amounted to $12,721,000 ($35,961,000 in 1982).

12. Tours activity

Gross tour sales are now included with passenger revenue while third party tour costs are included with customer and support services expenses. This has the effect of increasing both revenues and expenses by approximately $4,641,000 ($4,650,000 in 1982).

13. Comparative figures

Certain of the 1982 figures have been reclassified so as to conform with the presentation adopted in 1983.

4.2

FINANCIAL STATEMENTS OF EXEMPTED PARENT CROWN CORPORATIONS

BANK OF CANADA

AUDITORS' REPORT

We have examined the statement of assets and liabilities of the Bank of Canada as at December 31, 1983 and the statement of revenue and expense for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at December 31, 1983 and the results of its operations for the year then ended in accordance with the accompanying summary of significant accounting policies, applied on a basis consistent with that of the preceding year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
CLARKSON GORDON

Ottawa, Canada
January 13, 1984

STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 1983
(with comparative figures for 1982)
(in thousands of dollars)

ASSETS	1983	1982
Deposits payable in foreign currencies		
U.S.A. dollars	305,045	259,438
Other currencies	4,068	4,427
	309,113	263,865
Advances to members of the Canadian Payments Association	25,000	143,000
Investments—At amortized values (Note 2)		
Treasury bills of Canada	2,762,816	2,426,499
Other securities issued or guaranteed by Canada maturing within three years	4,575,975	4,696,898
Other securities issued or guaranteed by Canada not maturing within three years	9,687,675	8,247,778
Other investments	274,070	1,240,867
	17,300,536	16,612,042
Bank premises		
Land, buildings and equipment, at cost less accumulated depreciation	85,420	82,210
Cheques drawn on other members of the Canadian Payments Association	2,210,625	1,635,404
Accrued interest on investments	431,505	387,644
Collections and payments in process of settlement Government of Canada (net)	312,571	283,778
Other assets	5,742	14,964
	20,680,512	19,422,907

LIABILITIES	1983	1982
Capital paid up	5,000	5,000
Rest fund	25,000	25,000
Notes in circulation	14,163,088	12,718,781
Deposits		
Government of Canada	90,407	81,016
Chartered banks	3,446,392	4,838,438
Other members of the Canadian Payments Association	146,805	
Other deposits	149,459	162,585
	3,833,063	5,082,039
Liabilities payable in foreign currencies		
Government of Canada	82,925	80,608
Other	24	147
	82,949	80,755
Bank of Canada cheques outstanding	2,566,286	1,506,187
Other liabilities	5,126	5,145
	20,680,512	19,422,907

See accompanying notes to the financial statements.

G. K. BOUEY
Governor

A. C. LAMB
Chief Accountant

BANK OF CANADA—*Concluded*

STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)
(in thousands of dollars)

	1983	1982
Revenue		
Revenue from investments and other sources after deducting interest of $2,493 ($5,129 in 1982) paid on deposits	1,861,559	1,986,072
Expense		
Salaries(1)	47,588	42,858
Contributions to pension and insurance funds(1)	6,033	5,329
Other staff expenses(2)	1,529	1,682
Directors' fees	87	98
Auditors' fees and expenses	319	297
Taxes—Municipal and business	6,535	6,100
Bank note costs	27,086	25,372
Data processing and computer costs	4,687	4,669
Maintenance of premises and equipment—Net(3)	8,790	8,372
Printing of publications	563	591
Other printing and stationery	1,532	1,387
Postage and express	1,607	1,400
Telecommunications	1,574	1,353
Travel and staff transfers	1,524	1,405
Other expenses	1,005	968
	110,459	101,881
Depreciation on buildings and equipment	6,899	5,717
	117,358	107,598
Net revenue paid to Receiver General for Canada	1,744,201	1,878,474

See accompanying notes to the financial statements.

(1) Salaries, including overtime, and related contributions to pension and insurance funds for bank staff other than those engaged in building maintenance. The number of employee years worked by such staff (including temporary, part-time and overtime work) was 2,078 in 1983 compared with 2,015 in 1982.

(2) Includes cafeteria expenses, retirement allowances, educational training costs and medical expenses.

(3) Includes all building maintenance costs (including staff costs) but net of rental income.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,1983

1. Significant Accounting Policies

The financial statements have been prepared within the framework of the accounting policies summarized below.

(a) Form of Presentation

The form of the statement of assets and liabilities meets the requirements of the Bank of Canada Act.

(b) Revenues and Expenses

Revenues and expenses have been accounted for on the accrual basis.

(c) Investments

In accordance with the requirements of the Bank of Canada Act, these assets have been recorded at their cost adjusted for amortization of purchase discounts and premiums. The amortization as well as gains and losses on disposition have been included in income.

(d) Translation of Foreign Currencies

Assets and liabilities in foreign currencies have been translated to Canadian dollars at the rates of exchange prevailing at the year-end.

(e) Depreciation

Depreciation has been recorded at the following annual rates applied on the declining balance method:

Buildings	5%
Equipment	20%

2. Investments

Included in investments are securities of the Government of Canada totalling $220,587,546.00 (nil in 1982) held under Purchase and Resale Agreements.

Canada Council

AUDITOR'S REPORT

TO THE CANADA COUNCIL
AND
THE HONOURABLE FRANCIS FOX, P.C., M.P.
MINISTER OF COMMUNICATIONS

I have examined the balance sheets of the Endowment Account and Special Funds of the Canada Council as at March 31, 1984 and the statements of revenue and expenditure and equity of the Endowment Account and Special Funds and the statement of changes in financial position of the Endowment Account for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Council as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the changes in the methods of accounting for equipment and leasehold improvements, works of art and employee termination benefits as explained in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

EDWARD R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 13, 1984

ENDOWMENT ACCOUNT

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Cash and short-term deposits	3,088	8,966
Accrued interest	1,720	1,735
Accounts receivable	148	88
Prepaid expenses	100	
Investments (Note 5)	82,373	71,233
Equipment and leasehold improvements (Note 6)	329	213
Works of art	8,804	7,960
	96,562	90,195

LIABILITIES	1984	1983
Bank overdraft	731	618
Approved grants payable	16,251	15,639
Accounts payable and accrued liabilities	1,424	1,403
Deferred revenue	189	133
Due to Special Funds (Note 7)	7,232	5,366
Provision for employee termination benefits	827	653
	26,654	23,812
EQUITY		
Fund capital		
Principal, established pursuant to Section 14 of the Act	50,000	50,000
Accumulated net gains on disposal of investments	8,773	4,534
	58,773	54,534
Contributed surplus—Works of art	8,804	7,960
	67,577	62,494
Surplus		
Appropriated	2,300	3,600
Unappropriated	31	289
	2,331	3,889
	69,908	66,383
	96,562	90,195

Approved by the Council:

CLAUDE GAUTHIER
Treasurer

TIMOTHY PORTEOUS
Director

SPECIAL FUNDS

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Cash and short-term deposits	1,811	2,255
Accrued interest	436	276
Investments (Note 5)	19,914	12,106
Due from Endowment Account (Note 7)	7,232	5,366
	29,393	20,003

LIABILITIES	1984	1983
Approved grants payable	1,579	1,213
EQUITY		
Fund capital		
Principal	26,265	18,340
Accumulated net gains on disposal of investments	976	60
	27,241	18,400
Unappropriated surplus	573	390
	27,814	18,790
	29,393	20,003

Approved by the Council:

CLAUDE GAUTHIER
Treasurer

TIMOTHY PORTEOUS
Director

STATEMENT OF REVENUE AND EXPENDITURE OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Revenue		
Parliamentary grant	65,581	59,883
Interest and dividends	9,816	10,846
Art Bank rental fees	580	497
Cancelled grants, approved in previous years, and refunds	437	304
	76,414	71,530
Expenditure		
Arts		
Grants and services	64,705	59,979
Administration (Schedule)	5,573	4,807
Works of art	844	775
	71,122	65,561
Canadian Commission for UNESCO		
Administration (Schedule)	813	687
Grants	109	180
	922	867
General administration (Schedule)	5,928	5,614
	77,972	72,042
Excess of expenditure over revenue for the year	1,558	512

STATEMENT OF EQUITY OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	Fund capital				Contributed surplus		Surplus			
			Total		Total				Total	
	Principal	Accumulated net gains on disposal of investments	1984	1983	1984	1983	Appropriated	Unappropriated	1984	1983
Balance at beginning of the year										
As previously reported	50,000	4,534	54,534	55,128			3,600	729	4,329	4,804
Changes in accounting policies (Note 4):										
Works of art					7,960	7,185				
Provision for employee termination benefits								(653)	(653)	(548)
Equipment and leasehold improvements								213	213	145
As restated	50,000	4,534	54,534	55,128	7,960	7,185	3,600	289	3,889	4,401
Net gains (losses) on disposal of investments		4,239	4,239	(594)						
Works of art purchased during the year					844	775				
Excess of expenditure over revenue for the year								(1,558)	(1,558)	(512)
Release of appropriated surplus							(1,300)	1,300		
Balance at end of the year	50,000	8,773	58,773	54,534	8,804	7,960	2,300	31	2,331	3,889

Canada Council—*Continued*

STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
OF THE SPECIAL FUNDS (NOTE 2)
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	Izaak Walton Killam Memorial	Killam Special Scholarship	Molson Prize	Lynch-Staunton	John B.C. Watkins	Vida Peene	Total 1984	Total 1983
REVENUE AND EXPENDITURE								
Revenue								
Interest and dividends	1,439	594	93	102	13	52	2,293	1,958
Expenditure								
Grants	1,168	330	100	87	16	52	1,753	1,447
Administration	134	31	4				169	140
Net losses on disposal of investments								186
	1,302	361	104	87	16	52	1,922	1,773
Excess of revenue over expenditure (expenditure over revenue)	137	233	(11)	15	(3)		371	185
EQUITY								
Fund capital								
Principal								
Balance at beginning of the year	12,905	3,236	900	699		600	18,340	17,501
Cash received		7,637	100				7,737	686
Net income capitalized	131	57					188	153
Balance at end of the year	13,036	10,930	1,000	699		600	26,265	18,340
Accumulated net gains on disposal of investments								
Balance at beginning of the year		8	3	49			60	94
Net gains (losses) on disposal of investments	554	252	52	58			916	(34)
Balance at end of the year	554	260	55	107			976	60
	13,590	11,190	1,055	806		600	27,241	18,400
Unappropriated surplus								
Balance at beginning of the year		43	15	246	86		390	358
Excess of revenue over expenditure (expenditure over revenue)	137	233	(11)	15	(3)		371	185
Net income capitalized	(131)	(57)					(188)	(153)
Balance at end of the year	6	219	4	261	83		573	390
	13,596	11,409	1,059	1,067	83	600	27,814	18,790

STATEMENT OF CHANGES IN FINANCIAL POSITION
OF THE ENDOWMENT ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Source of funds		
Operations		
Excess of expenditure over revenue for the year	(1,558)	(512)
Items not affecting funds		
Depreciation	140	94
Employee termination benefits	174	105
Grants payable	612	1,868
Others	(68)	227
	(700)	1,782
Increase in accumulated net gains on disposal of investments	4,239	
Increase in due to Special Funds	1,866	594
Decrease in investments		4,878
	5,405	7,254
Application of funds		
Decrease in accumulated net gains on disposal of investments		594
Increase in investments	11,140	
Acquisition of equipment and leasehold improvements	256	163
	11,396	757
Increase (decrease) of funds for the year	(5,991)	6,497
Cash and short-term deposits		
Balance at beginning of the year	8,348	1,851
Balance at end of the year	2,357	8,348
Composed of:		
Cash and short-term deposits	3,088	8,966
Bank overdraft	(731)	(618)
	2,357	8,348

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and operations

The Canada Council was established by the Canada Council Act in 1957 which authorized the creation of an Endowment Fund of $50 million. Except for the annual parliamentary grant, monies or properties donated to the Council pursuant to Section 20 of the Act are generally accounted for as Special Funds. The Council is not an agent of Her Majesty. Its objectives are to foster and promote the study, enjoyment and production of works in the arts.

2. Special funds

(a) Izaak Walton Killam Memorial

A bequest of $12,339,615 in cash and securities was received from the estate of the late Mrs. Dorothy J. Killam for the establishment of the Izaak Walton Killam Memorial Fund for Advanced Studies "to provide scholarships for advanced study or research at universities, hospitals, research or scientific institutes, or other equivalent or similar institutions both in Canada and in other countries in any field of study or research other than the 'arts' as presently defined in the Canada Council Act and not limited to the 'humanities and social sciences' referred to in such Act."

The bequest contains the following provisions: "the Fund shall not form part of the Endowment Account or otherwise be merged with any assets of the Council"; and "in the event that the Canada Council should ever be liquidated or its existence terminated or its powers and authority changed so that it is no longer able to administer any Killam trust, the assets forming any such Killam trust shall thereupon be paid over to certain universities which have also benefited under the will."

The cash and securities received and the proceeds have been invested in a separate portfolio.

(b) Killam Special Scholarship

A gift of $4,353,609 was received from the estate of the late Mrs. Dorothy J. Killam for the establishment of a Special Scholarship Fund. The gift consisted of preferred shares in a Canadian company redeemable over a period of years. As at March 31, 1984, the Council has received the entire proceeds including $1,220,271 redeemed during the year (1983—$686,402). These proceeds have been invested and the income therefrom is available to provide fellowship grants to Canadians for advanced study or research in the fields of medicine, science and engineering at universities, hospitals, research or scientific institutions or other equivalent or similar institutions in Canada.

The fund also includes common shares in a company whose major assets have been sold. The Council has received $6.4 million during the year. Approximately $2.5 million is expected to be received next year.

(c) Molson Prize

Gifts of $1,000,000 were received from the Molson Foundation for the establishment of the Molson Prize Fund. The income of the fund is used for awarding cash prizes to Canadians "for outstanding achievement in the fields of the Arts, the Humanities or the Social Sciences that enriches the cultural or intellectual heritage of Canada or contributes to national unity". There is no restriction placed on the recipient as to the use of the prize.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

(d) Lynch-Staunton

This fund was established by a bequest in cash of $699,066 received from the estate of the late V.M. Lynch-Staunton, the income from which is available for the regular programmes of the Council.

(e) John B.C. Watkins

This fund was established by a bequest consisting of the net income from the residue of the estate of the late John B.C. Watkins to provide scholarships for postgraduate studies in specified countries.

(f) Vida Peene

This fund was established by a bequest in cash of $599,761 received from the late Vida Peene to provide payments to specified organizations.

(g) Funds will eventually be received from the following bequests:

(i) J.P. Barwick

This fund, estimated at $45,000, is intended "for the benefit of the musical division of the arts and for the encouragement of the musical arts".

(ii) Edith Davis Webb

This fund, estimated at $400,000, is intended "for the purpose of making grants or establishing scholarships for musical study in such manner as the Council shall determine".

(iii) Kathleen Coburn

This fund, the amount of which cannot be determined at this time, is to provide for exchanges of scholars between Israel and Canada.

3. Significant accounting policies

(a) Basis of accounting

Revenue and expenditure are recorded on an accrual basis, except for dividends which are recorded on a cash basis.

(b) Investments

Bonds, debentures, equities and mortgages are recorded at cost. The portfolios of three Special Funds (Killam Special Scholarship, Molson Prize and Lynch-Staunton) were merged on October 1, 1980 with the portfolio of the Endowment Account. The participation of each fund is calculated on the basis of market value. Quarterly adjustments are made to take into consideration any capital withdrawals and additional investments. Interest, dividends, gains and losses on disposal of investments are allocated to each fund based on the percentages established at the beginning of each quarter.

(c) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and depreciated over their estimated useful lives on the straight-line method, as follows:

Equipment	3 to 5 years
Leasehold improvements	term of the lease (maximum 5 years)

(d) Works of art

Works of art are recorded at cost.

(e) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(f) Gains and losses on disposal of investments

Pursuant to subsection 19(2) of the Act, net gains on disposal of investments are credited to the fund capital—Accumulated net gains on disposal of investments. Net losses on disposal of investments are charged against this account to the extent of the balance available therein. In the event that losses exceed the balance available in the account, the excess is recorded as an expenditure in the year of realization.

(g) Contributed surplus

Amounts paid during the year to artists for the purchase of works of art are expensed. Such purchases are then capitalized as contributed surplus—Works of art and no depreciation is recorded.

(h) Appropriated surplus

The Council has established a reserve to reduce the erosion of value of the original endowment due to inflation. Any changes in this account are approved by the Council.

(i) Capitalization of net income of Special Funds

The Council capitalizes 10% of the revenue less administration expenditure of the Izaak Walton Killam Memorial Fund for Advanced Studies and the Killam Special Scholarship Fund, in accordance with advice received from the trustees of these Funds in order to preserve the equity of these Funds for future beneficiaries. However, for the purposes of the Funds, the Council reserves the right to draw at any time on the accumulated net income capitalized.

(j) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total liability of the Council. Contributions with respect to current service are expensed on a current basis.

(k) Grants

Grants approved by the Council are recorded as expenditure in the year determined by the Treasurer in consultation with the Arts Division. Cancelled grants, approved in previous years, and refunds are shown as revenue in the Endowment Account. For Special Funds, such items are deducted from the grants expenditure.

4. Changes in accounting policies

During the year, the Council applied retroactively the following changes in accounting policies, in order to comply with generally accepted accounting principles:

(a) Equipment and leasehold improvements, formerly charged to expenditure in the year of acquisition, are now capitalized and depreciated;

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

(b) Works of art, charged to expenditure in the year of acquisition, are now also capitalized as contributed surplus—Works of art; and

(c) Employee termination benefits, formerly charged to expenditure in the year in which they were paid, are now recorded in the accounts as the benefits accrue to the employees.

As a result of these changes, the excess of expenditure over revenue for 1984 and 1983 of the Endowment Account have been increased by $58,000 and $37,000, respectively.

5. Investments

	1984		1983	
	Cost	Market value	Cost	Market value
	(in thousands of dollars)			
Endowment Account				
Bonds and debentures	49,723	47,997	46,055	48,069
Equities	28,867	36,615	20,383	29,977
Mortgages	3,783	3,141	4,795	3,740
	82,373	87,753	71,233	81,786
Special Funds				
Bonds and debentures	12,485	11,977	8,292	8,384
Equities	7,007	8,266	3,377	4,971
Mortgages	422	284	437	285
	19,914	20,527	12,106	13,640

6. Equipment and leasehold improvements

	1984			1983
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Equipment	474	305	169	133
Leasehold improvements	244	84	160	80
	718	389	329	213

7. Due to Special Funds/Due from Endowment Account

These accounts represent short-term deposits, accrued interest and investments relating to the three special funds merged with the Endowment portfolio, less administration charges of the Izaak Walton Killam Memorial Fund and grants payable by John B.C. Watkins Estate.

	1984	1983
	(in thousands of dollars)	
Killam Special Scholarship	5,125	3,405
Lynch-Staunton	1,128	1,051
Molson Prize	1,159	1,018
	7,412	5,474
John B.C. Watkins	(15)	
Izaak Walton Killam Memorial	(165)	(108)
	7,232	5,366

8. Lease agreement

The Council has entered into a lease agreement for office space which expires in October 1986. The annual base rental payment to the end of the lease is $881,000.

9. Comparative figures

In addition to the changes in accounting policies as explained in Note 4, certain of the comparative figures have been reclassified to conform to the current year's presentation.

Canada Council—*Concluded*

SCHEDULE OF ADMINISTRATION EXPENDITURE OF THE ENDOWMENT ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	Arts	Canadian Commission for UNESCO	General	Total 1984	Total 1983
Salaries and employee benefits	4,636	596	3,074	8,306	7,381
Communications	102	21	848	971	872
Rent and maintenance	102		806	908	884
Staff travel	609	53	78	740	651
Professional services	31	11	312	354	323
Council meetings including members' honoraria		78	183	261	289
Printing, publications and duplicating	11	40	165	216	182
Office supplies and expenses	13	14	136	163	184
Depreciation			140	140	94
Data processing			122	122	164
Freight and storage	62			62	39
Safekeeping charges			55	55	35
Miscellaneous	7		9	16	10
	5,573	813	5,928	12,314	11,108

CANADIAN BROADCASTING CORPORATION

AUDITOR'S REPORT

TO THE CANADIAN BROADCASTING CORPORATION AND
THE HONOURABLE FRANCIS FOX, P.C., M.P.
MINISTER OF COMMUNICATIONS

I have examined the balance sheet of Canadian Broadcasting Corporation as at March 31, 1984 and the statements of income and expense and operating parliamentary appropriations, proprietor's equity account and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures, as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

E. R. ROWE, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 13, 1984

BALANCE SHEET AS AT MARCH 31, 1984
(in thousands of dollars)

ASSETS	1984	1983
Current		
Cash	8,834	(5,483)
Accounts receivable	51,307	41,051
Mortgage receivable (Note 3)	5,500	
Engineering and production supplies	10,363	9,906
Programs completed and in process of production	50,748	51,213
Prepaid film and script rights and other expenses	35,950	44,233
	162,702	140,920
Mortgage receivable (Note 3)		5,500
Investments (Note 4)	6,332	6,273
Fixed (Note 5)	469,746	443,378
	638,780	596,071

LIABILITIES	1984	1983
Current		
Accounts payable and accrued liabilities	131,069	121,678
Refundable balance of parliamentary appropriations—Capital (Note 6)	94	229
Due to Government of Canada (Note 3)	6,119	619
	137,282	122,526
Long-term		
Provision for employee termination benefits	87,378	81,381
Advances from Government of Canada (Note 7)	33,000	33,000
Obligations under capital leases (Note 8)	615	435
Due to Government of Canada (Note 3)		5,500
	120,993	120,316
	258,275	242,842
EQUITY OF CANADA		
Proprietor's Equity Account	380,505	353,229
	638,780	596,071

The accompanying notes and schedule A are an integral part of the financial statements.

Approved by the Board of Directors:

R. J. FOURNIER
Vice-President, Finance

PIERRE JUNEAU
Director

D. HAYES
Director

STATEMENT OF INCOME AND EXPENSE AND OPERATING PARLIAMENTARY APPROPRIATIONS FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Expense		
National Broadcasting Service, program and distribution costs (see supporting Schedule A for details)	876,995	796,931
Radio Canada International, broadcasting service	15,473	14,216
Total broadcasting services	892,468	811,147
Corporate engineering services	8,706	8,333
Corporate management services	36,757	33,100
Commissions to agencies and networks	24,873	22,746
Selling expenses	16,612	14,930
	979,416	890,256
Income		
Advertising	179,111	154,193
Miscellaneous	13,314	12,547
	192,425	166,740
Excess of expense over income	786,991	723,516
Deduct: expenses not requiring an outlay of funds (Note 6)	46,295	51,872
	740,696	671,644
Operating Parliamentary Appropriations		
Appropriations—Current year (Note 6)	736,442	673,769
Unexpended (overexpended) appropriations—Current year	(4,254)	2,125
Appropriations carried over, beginning of the year	10,102	7,977
Appropriations carried over, end of the year	5,848	10,102

The accompanying notes and schedule A are an integral part of the financial statements.

SCHEDULE OF NATIONAL BROADCASTING SERVICE PROGRAM AND DISTRIBUTION COSTS FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

SCHEDULE A

	1984	1983
Programs		
English language		
Radio		
Network	42,614	38,401
Regional	48,761	44,910
Television		
Network	196,914	169,287
Regional	124,192	110,817
French language		
Radio		
Network	34,730	31,979
Regional	21,971	19,777
Television		
Network	138,216	135,161
Regional	45,199	39,216
	652,597	589,548
Distribution		
Radio		
Network distribution	14,460	12,624
Station transmission	21,597	19,754
Television		
Network distribution	50,159	46,558
Station transmission	30,359	29,565
Payments to private stations	14,950	13,864
	131,525	122,365
Operational management and services		
Programs and distribution		
Radio	22,130	22,081
Television	70,743	62,937
	92,873	85,018
	876,995	796,931

STATEMENT OF PROPRIETOR'S EQUITY ACCOUNT FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Balance, beginning of the year	353,229	333,198
Add (Deduct): parliamentary—Capital (Note 6)	66,791	63,471
parliamentary appropriations — Working capital (Note 6)	12,020	6,750
loss on disposal of fixed assets	(986)	(443)
unexpended (overexpended) parliamentary appropriations — Operating	(4,254)	2,125
expenses not requiring an outlay of funds (Note 6)	(46,295)	(51,872)
Balance, end of the year	380,505	353,229

The accompanying notes and schedule A are an integral part of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984
(in thousands of dollars)

	1984	1983
Funds provided		
Net parliamentary appropriations		
Operating	736,442	673,769
Capital	66,791	63,471
Working capital	12,020	6,750
	815,253	743,990
Disposal of fixed assets	3,413	152
	818,666	744,142
Funds applied		
Excess of expense over income	786,991	723,516
Deduct: items not requiring an outlay of funds		
depreciation and amortization	39,715	37,930
provision for employees' termination benefits	5,997	10,550
	741,279	675,036
Additions to fixed assets	70,302	63,704
Investments	59	837
	811,640	739,577
Increase in working capital	7,026	4,565
Working capital, beginning of the year	18,394	13,829
Working capital, end of the year	25,420	18,394

The accompanying notes and schedule A are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. Authority and objective

The Canadian Broadcasting Corporation was established by the 1936, 1958 and 1968 Broadcasting Acts and is classified as a proprietary Crown corporation under Schedule D of the Financial Administration Act. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

The objective of the Corporation is to develop and provide a national broadcasting service for all Canadians in both official languages, in television and radio, and to provide an international service. Both services should be primarily Canadian in content and character.

2. Significant accounting policies

The financial statements of the Corporation have been prepared by management in accordance with generally accepted accounting principles consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Engineering and production supplies

The inventory of engineering and production supplies is stated at the lower of average cost and replacement cost.

(b) Programs completed and in process of production

The inventory of programs completed and in process of production is stated at cost. Cost includes the cost of goods and services, direct labour and the share of overhead expenses applicable to each program. The total program cost is charged to operations upon broadcast or when programs are determined unusable.

(c) Film rights

The Corporation enters into contracts for film broadcasting rights. As payments are made under the terms of each contract they are reflected in the accounts as prepaid film rights. The film rights are charged to operations as the films are broadcast or determined unusable.

(d) Investments

The investment in a joint venture is accounted for by the equity method with the Corporation's share of profit or loss credited or charged to operations. Other investments are carried at cost.

(e) Fixed assets

Fixed assets are recorded at cost. Cost includes material, engineering services, direct labour and related overhead. Depreciation is calculated on the straight-line method based on the estimated useful life of the assets, as follows:

Buildings	33 years
Technical equipment	
Transmitters and towers	20 years
Other	10 years
Furnishings and office equipment	10 years
Automotive	5 years

Major leasehold improvements are capitalized and amortized over the term of the lease to a maximum period of five years. Amounts included in uncompleted capital projects are transferred to the appropriate fixed asset classification upon completion, and are then depreciated according to the Corporation's policy. Gains and losses on disposals of fixed assets are credited or charged to the Proprietor's Equity Account.

(f) Capital leases

The assets and related obligations for capital leases are recorded at an amount equal to the present value of future lease payments. Assets recorded under capital leases are amortized on the straight-line method over the estimated useful life of the assets or based on the lease term as appropriate. Obligations under capital leases are reduced by rental payments net of imputed interest.

(g) Employee termination benefits and vacation pay

Employee termination benefits and vacation pay are expended as benefits accrue to employees under their respective terms of employment.

(h) Pension plan

The cost of funding current service pension benefits is charged to operations as incurred. Unfunded liabilities as determined by actuarial valuation are funded by payments which are charged to operations over periods recommended by the actuaries and in accordance with regulatory requirements. Additional payments are charged to operations as made.

(i) Parliamentary appropriations

Parliamentary appropriations for operating expenditures are recorded as a reduction of the excess of expense over income after deducting expenses not requiring an outlay of funds. Overexpended or unexpended operating appropriations (within a limit of 1.5% of the annual operating appropriations) are charged or credited to the Proprietor's Equity Account. Net parliamentary appropriations for capital and working capital are credited to the Proprietor's Equity Account.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

3. Mortgage receivable and due to Government of Canada

On February 15, 1982, the Corporation finalized a sale of land in the City of North York, Ontario, as approved by Order in Council P.C. 1980-2690, for an amount of $10.5 million. The terms of sale included an agreement that the Corporation receive cash of $5 million and grant to the purchaser a mortgage in the amount of $5.5 million, payable in full on February 15, 1985. Interest of 10% is payable quarterly. In conformity with an agreement between the Corporation and Treasury Board, all proceeds from the sale, including interest on the mortgaged principal, are to be remitted to the Government of Canada.

4. Investments

	1984	1983
	(in thousands of dollars)	
"Hockey Night in Canada"—Joint venture, at equity	5,980	5,921
Télévision St. François Inc.—Preferred shares, at cost	350	350
Master FM Limited—Common shares, at cost	2	2
	6,332	6,273

5. Fixed assets

	1984			1983
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
	(in thousands of dollars)			
Land	37,783		37,783	38,196
Buildings	219,500	81,450	138,050	116,874
Technical equipment	478,797	233,434	245,363	220,100
Furnishings and office equipment	18,494	6,913	11,581	9,757
Automotive	9,484	6,873	2,611	2,641
Leasehold improvements	4,935	1,076	3,859	3,864
Property under capital leases	971	242	729	507
Uncompleted capital projects	29,770		29,770	51,439
	799,734	329,988	469,746	443,378

6. Parliamentary appropriations

	Operating	Capital	Working Capital	Total
	(in thousands of dollars)			
Payments to the Corporation in providing a broadcasting service	736,442	66,885	12,020	815,347
Refundable to Government of Canada		94		94
Proceeds retained —1984	736,442	66,791	12,020	815,253
—1983	673,769	63,471	6,750	743,990

The following expenses do not require an outlay of funds during the year and are not funded by parliamentary appropriations:

	1984	1983
	(in thousands of dollars)	
Depreciation and amortization	39,715	37,930
Provision for employees' termination benefits and vacation pay	6,580	13,942
	46,295	51,872

7. Advances from Government of Canada

Advances from the Government of Canada are made for working capital purposes and are free of interest. These advances become repayable when cash and treasury bills exceed the Corporation's requirements for working capital.

8. Lease obligations

As at March 31, 1984, the Corporation's obligations related to significant capital and operating leases for terms in excess of one year, are as follows:

	Capital Leases	Operating Leases
	(in thousands of dollars)	
1985	233	39,560
1986	192	35,425
1987	165	31,087
1988	135	26,959
1989	73	18,641
1990-2061		10,811
Total future payments	798	162,483
Deduct: amount representing interest	183	
Long-term obligations under capital leases	615	

9. Commitments

As at March 31, 1984, commitments for film rights amounted to $37.5 million (1983—$35.2 million).

10. Pension plan

The Corporation's pension plan covers substantially all continuing employees. The charge to operations for the cost of the plan for the year ended March 31, 1984 was $36.4 million (1983—$33.6 million). As at March 31, 1984, the present value of the estimated unfunded liabilities was $94.4 million based on the actuarial valuation at December 31, 1980. Of this amount:

—$88.1 million related to unfunded liabilities existing at December 31, 1976 to be liquidated over 30 years; and

—$6.3 million arose during 1977 to be liquidated over a period of 15 years.

An amendment to the plan approved March 10, 1982, effective January 1, 1982, providing increased benefits to certain retired employees, created an additional unfunded liability estimated at a present value of $10.2 million on March 31, 1984, which is also to be liquidated over a period of 15 years.

The actuarial valuation as at December 31, 1983 is in process of preparation with results not being available.

11. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the Corporation. In the opinion of management, the losses, if any, which may result from the settlement of these matters are not likely to be material and accordingly no provision has been made in the accounts of the Corporation.

12. Income tax

The Corporation, as a Schedule D proprietary Crown corporation, is subject to the provisions of the Federal Income Tax Act. However, the Corporation has incurred tax losses in prior years, which are carried forward and can be applied against possible taxable income in future years.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

As at March 31, 1984, the loss carry-forward for income tax purposes is $22 million, which, if unused, would expire as follows:

	$
March 31	
1985	9,217,654
1987	6,674,000
1990	1,267,000
1991	4,837,000
	21,995,654

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by Parliament of Canada. Transactions with Canada are outlined in notes 3, 6 and 7.

During the year, transactions with these related departments, agencies and Crown corporations were normal business transactions on normal trade terms applicable to all individuals and enterprises.

CANADIAN FILM DEVELOPMENT CORPORATION

AUDITOR'S REPORT

THE HONOURABLE FRANCIS FOX, P.C., M.P.
MINISTER OF COMMUNICATIONS

I have examined the balance sheet of the Canadian Film Development Corporation as at March 31, 1984 and the statements of operations, equity of Canada and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 8, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Loans to producers		
Feature films	2,382,201	1,074,151
Canadian programming	1,918,578	
Parliamentary appropriations receivable (Note 3)	2,952,028	3,252,786
Accounts receivable	271,455	117,407
Prepaid expenses	38,698	21,378
	7,562,960	4,465,722
Fixed assets (Note 4)		
Furniture, equipment, automobile and leasehold improvements	521,072	236,453
Less: accumulated depreciation	159,578	118,219
	361,494	118,234
	7,924,454	4,583,956

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable	1,080,524	77,354
Due to Canada (Note 5)	4,000,000	4,000,000
Current portion of obligation under capital leases (Note 6)	54,251	25,899
	5,134,775	4,103,253
Long-term		
Provision for employee termination benefits	90,030	50,697
Obligation under capital leases		48,018
	90,030	98,715
	5,224,805	4,201,968
EQUITY OF CANADA		
Equity of Canada	2,699,649	381,988
	7,924,454	4,583,956

Approved by the Board:

ED. PRÉVOST
President

Approved by Management:

ANDRÉ LAMY
Executive Director

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1984

	1984			1983
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Assistance expenses (Note 7)				
English production	4,337,854	1,972,185	6,310,039	2,468,689
French production	3,539,772	1,662,899	5,202,671	1,249,049
Marketing and distribution		478,480	478,480	344,833
Development of the industry		322,108	322,108	257,162
	7,877,626	4,435,672	12,313,298	4,319,733
Revenues				
Interest on loans to producers	60,992	222,087	283,079	261,291
Management fees	207,106	94,538	301,644	71,247
	268,098	316,625	584,723	332,538
Cost of operations before administration expenses	7,609,528	4,119,047	11,728,575	3,987,195
Administration expenses (Note 8)			910,857	619,723
Cost of operations for the year			12,639,432	4,606,918

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at beginning of the year	381,988	522,906
Parliamentary appropriation	14,957,093	4,466,000
	15,339,081	4,988,906
Cost of operations for the year	12,639,432	4,606,918
Balance at end of the year	2,699,649	381,988

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Parliamentary appropriation	14,957,093	4,466,000
Obligation under capital leases		93,328
	14,957,093	4,559,328
Application of funds		
Operations		
Cost of operations for the year	12,639,432	4,606,918
Items not requiring an outlay of funds		
Depreciation	(94,944)	(41,841)
Increase in the provision for employee termination benefits	(39,333)	(6,005)
	12,505,155	4,559,072
Acquisition of fixed assets	338,204	109,162
Decrease in the long-term obligation under capital leases	48,018	45,310
Due to Canada		4,000,000
	12,891,377	8,713,544
Increase (decrease) in working capital	2,065,716	(4,154,216)
Working capital at beginning of the year	362,469	4,516,685
Working capital at end of the year	2,428,185	362,469

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and activities

The Corporation, a Crown corporation named in Schedule C to the Financial Administration Act, was established in 1967 by the Canadian Film Development Corporation Act with the objective of fostering and promoting the development of a feature film industry in Canada. To achieve its objective, the Corporation can invest in individual Canadian feature film productions in return for a share in the proceeds from such productions, make interest bearing loans, provide resources for script and project development, grant awards for outstanding accomplishments in such productions, make grants to filmmakers and technicians resident in Canada to assist them in improving their craft, and advise and assist producers in the distribution and administrative functions of such productions.

Further, the Corporation administers the Canadian Broadcast Program Development Fund, established July 1, 1983 within the framework of the Broadcasting Strategy for Canada. To this end, the Corporation can invest in high quality Canadian video and film productions in the categories of drama, variety and children's programming.

2. Significant accounting policies

(a) Loans to producers

Loans advanced to producers of feature films and Canadian programming are shown on the balance sheet at their face value, less an allowance for losses.

(b) Investments

Funds advanced to producers of feature films and Canadian programming, in return for a share in the proceeds from such productions, are expensed as assistance to productions in the year in which the advances are made.

All proceeds, up to the amount of the related investment, are credited to expenses as a reduction of production assistance expenses made during the year. Any amount in excess thereof is accounted for as revenues.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Continued*

(c) Fixed assets

Fixed assets purchased or acquired by way of capital leases are recorded at cost.

Depreciation is provided for using the diminishing-balance method, at the annual rates of 20% for furniture and equipment and 30% for the automobile. Leasehold improvements are amortized using the straight-line method, based on the duration of the leases.

(d) Parliamentary appropriation

The parliamentary appropriation voted to the Corporation for its objectives comprises a non lapsing amount for the development of a feature film industry and another amount, for the production of Canadian programming, that is deemed to lapse. The unlapsed parliamentary appropriation is credited to the Equity of Canada. Admissible unlapsed amounts not used at the end of the year are presented on the balance sheet as a parliamentary appropriation receivable.

(e) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(f) Pension plan

All employees of the Corporation participate in the superannuation plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and admissible past service are expensed during the year in which payments are made. The terms of payment for past service are set by the applicable purchase conditions in effect, generally over the number of years of service remaining prior to retirement.

3. Parliamentary appropriations receivable

	1984	1983
	$	$
Interim financing to producers and distributors of feature films	1,617,799	2,925,849
Development of the feature film industry	1,187,929	326,937
Canadian programming production	146,300	
	2,952,028	3,252,786

4. Fixed assets

	1984			1983
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Furniture and equipment	356,965	119,403	237,562	36,786
Automobile	13,055	3,916	9,139	
Equipment held under capital leases	93,327	33,598	59,729	74,662
Leasehold improvements	57,725	2,661	55,064	6,786
	521,072	159,578	361,494	118,234

5. Due to Canada

During 1982, a supplementary parliamentary appropriation of $4,000,000 was voted to the Corporation for interim financing advanced to producers and distributors of feature films. As at March 31, 1984, this amount was to be refunded upon decision of Treasury Board. However, Government has decided to waive the Corporation's repayment obligation through its National Film and Video Policy announced by the Minister of Communications on May 29, 1984. As a result, the amount due to Canada of $4 million shall be transferred to the Equity of Canada during 1985.

6. Obligation under capital leases

The Corporation intends to liquidate during 1985 its obligation under capital leases at a cost of $54,251.

7. Assistance expenses

	1984			1983
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Investments	7,220,339	3,631,635	10,851,974	2,042,490
Proceeds from investments	(6,725)	(211,906)	(218,631)	(178,399)
Loans written-off		319,712	319,712	1,894,273
Reimbursements of loans previously written-off		(338,848)	(338,848)	(382,730)
	7,213,614	3,400,593	10,614,207	3,375,634
Operating expenses	664,012	1,035,079	1,699,091	944,099
	7,877,626	4,435,672	12,313,298	4,319,733

8. Operating expenses

	1984	1983
	$	$
Salaries and employee benefits	1,207,254	709,194
Consultants' fees	346,096	223,105
Professional services	154,782	86,752
Rent and taxes	266,118	174,954
Printing, postage and office expenses	218,953	111,647
Travel	143,485	109,708
Depreciation	94,944	41,841
Telephone	83,367	52,162
Promotion and advertising	82,791	43,295
Financing costs	12,158	11,164
	2,609,948	1,563,822
Portion applicable to assistance expenses (Note 7)	1,699,091	944,099
Portion applicable to administration expenses	910,857	619,723

9. Commitments

As at March 31, 1984, the Corporation is contractually committed to advance funds totalling $1,380,950 as loans and investments, of which $712,465 are for French productions and $668,485 are for English productions. Further, it has accepted financing projects that may call for disbursements of approximately $14 million, of which $3.5 million are for French productions and $10.5 million are for English productions.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	$
1985	407,882
1986	419,038
1987	417,792
1988	417,179
1989	352,020
1990-95	1,216,462
	3,230,373

10. Contingencies

As at March 31, 1984, legal proceedings have been instituted against the Corporation for amounts totalling $1,370,000 for alleged breaches of contracts. These cases have not yet been heard. Based on the advice of legal counsel, management is of the opinion that losses, if any, which may result from the settlement of these cases are not likely to be material and, accordingly, no provision has been made in the accounts.

11. Subsequent event

On May 29, 1984, the Minister of Communications announced the government approved National Film and Video Policy whereby the Corporation will be charged with the management of various new programs as well as others which already exist. Some of the Corporation's existing programs will be enhanced. The Policy provides for the Corporation to receive annually an additional $7.75 million to carry out these measures.

THE CANADIAN WHEAT BOARD

AUDITOR'S REPORT:

TO THE CANADIAN WHEAT BOARD

We have examined the balance sheet of The Canadian Wheat Board as at July 31, 1984, and the statements of operations for the 1983-84 pool accounts for wheat, amber durum wheat, oats, designated oats, barley and designated barley for the period August 1, 1983 to completion of operations on October 31, 1984, the statement of administrative and general expenses and allocations to operations for the year ended July 31, 1984, the statement of advance payments to producers under the Prairie Grain Advance Payments Act as at July 31, 1984, and the statement of special account transactions for the year ended July 31, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at July 31, 1984 and the results of operations for the periods shown, in accordance with generally accepted accounting principles consistently applied.

DELOITTE, HASKINS & SELLS
Auditors

Winnipeg, Manitoba
March 13, 1985

BALANCE SHEET AS AT JULY 31, 1984
(with prior year figures for comparison)

EXHIBIT I

ASSETS	1984 $	1983 $
Stocks of grain:		
— Wheat	1,349,117,354	1,295,013,740
— Durum	122,731,578	201,247,589
— Oats	2,182,760	13,055,599
— Designated Oats	93,890	333,330
— Barley	52,713,112	144,198,070
— Designated Barley	7,686,258	18,578,199
	1,534,524,952	1,672,426,527
Bills of exchange plus accrued interest (Note 2)	3,202,275,567	2,373,094,258
Accounts receivable (Note 3)		
Due from Board Agents on completed sales	166,927,017	105,871,073
Sundry	30,883,405	33,628,844
Prairie Grain Advance Payments Act	7,682,214	18,268,555
Due from the Government of Canada re deficit on Pool Account operations:		
1982-83 Pool Account — Barley	—	5,544,235
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation	2,162,188	2,272,326
Covered hopper cars, at cost less depreciation (Note 4)	76,161,228	79,507,901
Office furniture, equipment and automobiles, at cost less depreciation	1,004,198	956,898
Deferred and prepaid expenses	8,229,251	5,249,955
	5,029,850,020	4,296,820,572

LIABILITIES	1984 $	1983 $
Liability to Banks (Note 5)	3,162,952,155	2,432,671,670
Debentures payable (Note 6)	65,475,000	61,655,000
Liability to agents for grain purchased from producers (Note 7)	826,390,827	1,098,454,073
Liability to agents for deferred cash tickets (Note 8)	203,160,168	222,888,349
Accrued expenses and accounts payable (Note 9)	86,151,364	66,229,446
Outstanding adjustment and final payment cheques to producers:		
— Wheat	570,324	487,741
— Durum	49,257	37,386
— Oats	14,274	615
— Designated Oats	391	2,381
— Barley	34,799	81,136
— Designated Barley	12,319	29,368
Special Account — Net balance of undistributed payment accounts (Note 10)	5,778,515	6,858,057
Provision for final payment expenses (Note 11)	7,196,788	6,641,070
Surpluses resulting from operations:		
Pool Account:		
— Wheat	478,602,282	359,240,183
— Durum	50,593,695	31,152,957
— Oats	385,062	1,640,765
— Designated Oats	591,895	259,767
— Barley	110,509,643	—
— Designated Barley	31,381,262	8,490,608
	5,029,850,020	4,296,820,572

W.E. JARVIS
Chief Commissioner

R.L. KRISTJANSON
Assistant Chief Commissioner

F.M. HETLAND
Commissioner

J.L. LEIBFRIED
Commissioner

W.H. SMITH
Commissioner

THE CANADIAN WHEAT BOARD—*Continued*

1983-84 POOL ACCOUNT — WHEAT

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT II

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Wheat acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	20,186,978	$3,352,896,639	22,231,894	$3,711,880,032
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	85,330	14,532,873	85,591	14,665,163
Purchased from prior year Pool Account — Wheat	844,767	153,715,767	268,018	43,661,082
	21,117,075	3,521,145,279	22,585,503	3,770,206,277
Wheat sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill:				
Domestic	1,210,094		1,376,632	
Export	12,974,962		14,126,166	
Weight losses in transit and in drying	10,160		(377)	
	14,195,216	2,795,055,087	15,502,421	2,973,110,683
Wheat Stock — being Wheat stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill:				
Completed sales for the period subsequent to July 31:				
Domestic	403,268		398,506	
Export	6,036,131		5,839,809	
Sale to the subsequent Pool Account — Wheat	482,460		844,767	
	6,921,859	1,349,117,354	7,083,082	1,295,013,740
	21,117,075	4,144,172,441	22,585,503	4,268,124,423
Surplus on Wheat transactions		623,027,162		497,918,146
Operating Costs:				
Carrying charges:				
Carrying charges on Wheat stored in country elevators		89,905,467		95,374,468
Storage on Wheat stored in terminal elevators		18,909,270		19,301,107
		108,814,737		114,675,575
Interest, bank charges and net interest on other Board accounts		(3,463,630)		(18,084,165)
Demurrage		(435,169)		9,094,749
Additional freight — Wheat shipped from country stations to terminal position		2,422,929		3,580,308
— freight rate changes		8,246,530		—
Handling and stop-off on Wheat warehoused at interior terminals		(49,462)		(38,566)
Drying charges		1,713,617		788,818
Rental of hopper cars		—		1,749,597
Interest and depreciation on Wheat Board hopper cars		9,424,620		9,876,572
Wheat Board administrative and general expenses		17,750,708		17,035,075
		144,424,880		138,677,963
Surplus on operations of the Board on the Pool Account — Wheat, for the period from August 1, 1983, to October 31, 1984		$478,602,282		$359,240,183

1983-84 POOL ACCOUNT — AMBER DURUM WHEAT

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT III

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Durum acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	2,278,079	$406,403,268	2,885,156	$495,730,824
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	8,408	1,496,395	8,894	1,523,289
Purchased from prior year Pool Account — Durum	463,843	90,544,238	133,446	23,662,942
	2,750,330	498,443,901	3,027,496	520,917,055
Durum sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill:				
Domestic	86,034		81,576	
Export	2,061,514		1,912,646	
Weight losses in transit and in drying	2,749		12,149	
	2,150,297	444,897,812	2,006,371	372,603,991
Durum stocks — being Durum stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill:				
Completed sales for the period subsequent to July 31:				
Domestic	28,876		28,728	
Export	571,157		528,554	
Sale to the subsequent Pool Account — Durum	—		463,843	
	600,003	122,731,578	1,021,125	201,247,589
	2,750,330	567,629,390	3,027,496	573,851,580
Surplus on Amber Durum Wheat transactions		69,185,489		52,934,525
Operating Costs:				
Carrying charges:				
Carrying charges on Durum stored in country elevators		10,884,477		12,517,284
Storage on Durum stored in terminal elevators		2,442,679		3,619,402
		13,327,156		16,136,686
Interest and bank charges		(274,924)		1,261,723
Demurrage		1,495,075		520,557
Additional freight — Durum shipped from country stations to terminal position		269,658		117,958
— freight rate changes		701,687		—
Handling and stop-off on Durum warehoused at interior terminals		3,642		882
Drying charges		2,793		24,232
Rental of hopper cars		—		277,053
Interest and depreciation on Wheat Board hopper cars		1,063,558		1,281,737
Wheat Board administrative and general expenses		2,003,149		2,210,740
		18,591,794		21,781,568
Surplus on operations of the Board on the Pool Account — Durum, for the period from August 1, 1983, to October 31, 1984		$50,593,695		$31,152,957

THE CANADIAN WHEAT BOARD—*Continued*

1983-84 POOL ACCOUNT — OATS

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983,
TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT IV

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Oats acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	55,389	$5,496,654	170,900	$15,287,956
Purchased from prior year Pool Account — Oats	43,173	4,959,168	32,024	3,426,701
	98,562	10,455,822	202,924	18,714,657
Oats sold:				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	78,012	9,515,302	87,151	9,523,661
Weight losses in transit and in drying			13	—
Oats stocks — being Oats stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver:				
Completed sales for period subsequent to July 31	4,181	396,859	72,587	8,096,431
Sale to subsequent Pool Account — Oats	16,369	1,785,902	43,173	4,959,168
	98,562	11,698,063	202,924	22,579,260
Surplus on Oats transactions		1,242,241		3,864,603
Operating Costs:				
Carrying charges:				
Carrying charges on Oats stored in country elevators		374,439		1,106,878
Storage on Oats stored in terminal elevators		181,254		460,565
		555,693		1,567,443
Interest and bank charges		20,530		225,162
Additional freight — Oats shipped from country stations to terminal position		177,403		210,909
— freight rate changes		28,989		—
Drying charges		—		—
Rental of hopper cars		—		13,449
Interest and depreciation on Wheat Board hopper cars		25,859		75,923
Wheat Board administrative and general expenses		48,705		130,952
		857,179		2,223,838
Surplus (Deficit) on operations of the Board on the Pool Account — Oats, for the period from August 1, 1983, to October 31, 1984		$385,062		$1,640,765

1983-84 POOL ACCOUNT — DESIGNATED OATS

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT V

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Designated Oats acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	40,023	$5,498,760	30,792	$4,225,541
Designated Oats sold:				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	39,429	5,973,437	28,425	4,139,445
Designated Oats stocks — Being Designated Oats stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver:				
Completed sales for period subsequent to July 31	594	93,890	2,367	333,330
	40,023	6,067,327	30,792	4,472,775
Surplus on Designated Oats transactions		568,567		247,234
Operating Costs:				
Interest		(77,206)		(52,229)
Rental of hopper cars		—		2,423
Interest and depreciation on Canadian Wheat Board hopper cars		18,685		13,679
Wheat Board administrative and general expenses		35,193		23,594
		(23,328)		(12,533)
Surplus on operations of the Board on the Pool Account — Designated Oats, for the period from August 1, 1983, to October 31, 1984		$591,895		$259,767

1983-84 POOL ACCOUNT — BARLEY

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT VI

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Barley acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	4,007,756	438,761,246	4,574,888	500,382,278
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	23,728	2,602,169	21,280	2,349,085
Purchased from prior year Pool Account — Barley	—	—	392,351	45,855,958
	4,031,484	441,363,415	4,988,519	548,587,321
Barley sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill	3,673,279	507,159,484	3,718,622	421,410,551
Weight losses in transit and in drying	2,034	—	2,581	—
Barley stocks — being Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill: Completed sales for period subsequent to July 31	356,171	52,713,112	1,267,316	144,198,070
	4,031,484	559,872,596	4,988,519	565,608,621
Surplus on Barley transactions		118,509,181		17,021,300
Operating Costs:				
Carrying charges:				
Carrying charges on Barley stored in country elevators		4,683,339		11,634,461
Storage on Barley stored in terminal elevators		2,246,162		2,827,574
		6,929,501		14,462,035
Interest and bank charges		(7,543,393)		(265,115)
Demurrage		1,941,439		1,031,954
Additional freight — Barley shipped from country stations to terminal position		902,833		1,266,470
— freight rate changes		207,308		—
Handling and stop-off on Barley warehoused at interior terminals		(108,820)		(33,710)
Drying charges		275,505		205,978
Rental of hopper cars		—		360,030
Interest and depreciation on Wheat Board hopper cars		1,871,085		2,032,403
Wheat Board administrative and general expenses		3,524,080		3,505,490
		7,999,538		22,565,535
Surplus (Deficit) on operations of the Board on the Pool Account — Barley, for the period from August 1, 1983, to October 31, 1984		$110,509,643		$(5,544,235)

1983-84 POOL ACCOUNT — DESIGNATED BARLEY

STATEMENT OF OPERATIONS FOR THE PERIOD AUGUST 1, 1983, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

EXHIBIT VII

	1983-84		1982-83	
	Tonnes	Amount	Tonnes	Amount
		$		$
Designated Barley acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	1,004,377	$139,939,761	1,029,868	$161,381,046
Designated Barley sold:				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	959,264	161,150,487	916,292	150,557,193
Designated Barley stocks — being Designated Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver:				
Completed sales for period subsequent to July 31	45,113	7,686,257	113,576	18,578,199
	1,004,377	168,836,744	1,029,868	169,135,392
Surplus on Designated Barley transactions		28,896,983		7,754,346
Operating Costs:				
Interest		(3,836,353)		(2,063,962)
Rental of hopper cars		—		81,047
Interest and depreciation on Canadian Wheat Board hopper cars		468,910		457,521
Wheat Board administrative and general expenses		883,164		789,132
		(2,484,279)		(736,262)
Surplus on operations of the Board on the Pool Account — Designated Barley, for the period from August 1, 1983, to October 31, 1984		31,381,262		8,490,608

STATEMENT OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS
TO OPERATIONS FOR THE YEAR ENDED JULY 31, 1984
(with prior year figures for comparison)

EXHIBIT VIII

	1983-84	1982-83
	$	$
Administrative and General Expenses:		
Salaries — Board members, officers and staff	$14,686,316	$14,247,061
Unemployment insurance, pension, group insurance, medical and other employee benefits	1,735,497	1,604,101
Manitoba Health and Education Tax	212,116	55,292
Advisory Committee — travelling expenses and per diem allowances	76,758	177,816
Rental and lighting of offices including maintenance of the Canadian Wheat Board Building	1,475,438	1,363,598
Telephones — exchange service and long distance calls	368,022	301,358
Telegrams, cables and telex expense	160,557	154,419
Postage	666,414	635,741
Printing, stationery and supplies	642,284	468,038
Annual report, mini report and "Grain Matters" etc.	152,638	140,321
District meetings	16,588	16,666
Office expense	692,626	634,247
Travelling and transfer of staff	760,513	757,273
Travelling expenses — Inspectors	217,726	157,341
Legal fees and court costs	28,791	49,760
Audit fees	91,000	80,000
Computing equipment — Rental and sundries	1,725,593	2,268,613
Repair and upkeep of office machines and equipment	67,923	48,663
Grain market publications and services	75,726	85,335
The Canadian Wheat Board share of operating expenses of Canadian International Grains Institute	822,506	843,166
Bonds and insurance	27,792	25,839
Winnipeg Commodity Exchange dues	12,670	12,670
Depreciation on building, furniture, equipment and automobiles	352,402	289,250
	$25,067,896	$24,416,568

	1983-84	1982-83
	$	$
Allocations to Operations:		
1. Marketing of Producers' Grain		
1983-84 Pool Account — Wheat	$9,527,401	
1983-84 Pool Account — Durum	1,075,158	
1983-84 Pool Account — Oats	26,141	
1983-84 Pool Account — Designated Oats	18,889	
1983-84 Pool Account — Barley	1,891,493	
1983-84 Pool Account — Designated Barley	474,024	
1982-83 Pool Account — Wheat	7,689,329	
1982-83 Pool Account — Durum	997,889	
1982-83 Pool Account — Oats	59,109	
1982-83 Pool Account — Designated Oats	10,650	
1982-83 Pool Account — Barley	1,582,316	
1982-83 Pool Account — Designated Barley	356,200	
	23,708,599	$22,884,213
2. Distributing Final Payments to Producers		
(a) Wheat and Durum		
1982-83 Pool Account — Wheat	181,613	
1982-83 Pool Account — Durum	30,252	
1981-82 Pool Account — Wheat	32,244	
1981-82 Pool Account — Durum	5,527	
1980-81 Pool Account — Wheat	10,111	
1980-81 Pool Account — Durum	1,379	
1979-80 Pool Account — Wheat	3,727	
1979-80 Pool Account — Durum	509	
1978-79 Pool Account — Wheat	4,963	
1978-79 Pool Account — Durum	675	
1977-78 Pool Account — Wheat	3,765	
	274,765	$337,419
(b) Coarse Grains		
1982-83 Pool Account — Oats	15,588	
1982-83 Pool Account — Designated Oats	1,044	
1982-83 Pool Account — Designated Barley	24,773	
1981-82 Pool Account — Designated Oats	2,563	
1981-82 Pool Account — Barley	18,192	
1981-82 Pool Account — Designated Barley	2,825	
1980-81 Pool Account — Oats	1,184	
1980-81 Pool Account — Barley	4,255	
1980-81 Pool Account — Designated Barley	751	
1979-80 Pool Account — Barley	3,294	
1979-80 Pool Account — Designated Barley	580	
1978-79 Pool Account — Oats	2,225	
1978-79 Pool Account — Barley	3,223	
1978-79 Pool Account — Designated Barley	570	
1977-78 Pool Account — Barley	2,947	
1977-78 Pool Account — Designated Barley	518	
	84,532	$194,936
3. Allocation authorized by Order-in-Council from Special Account — Undistributed Payment Accounts in partial Payment of Administrative and General Expense incurred in respect of the Prairie Grain Advance-Payments Act	1,000,000	$1,000,000
	$25,067,896	$24,416,568

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS UNDER
THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT AS AT JULY 31, 1984

EXHIBIT IX

	Cash Advances to Producers	Advances Repaid by Producers	Balance to be Refunded by Producers
	$	$	$
1957-58 Crop Year	35,203,467	35,200,848	2,619
1958-59 Crop Year	34,369,653	34,366,768	2,885
1959-60 Crop Year	38,492,505	38,490,056	2,449
1960-61 Crop Year	63,912,550	63,904,499	8,051
1961-62 Crop Year	16,656,713	16,651,008	5,705
1962-63 Crop Year	29,251,526	29,245,974	5,552
1963-64 Crop Year	62,136,418	62,129,676	6,742
1964-65 Crop Year	32,961,844	32,955,723	6,121
1965-66 Crop Year	40,600,386	40,596,508	3,878
1966-67 Crop Year	36,668,270	36,664,915	3,355
1967-68 Crop Year	47,280,533	47,277,264	3,269
1968-69 Crop Year	151,852,319	151,770,634	81,685
1969-70 Crop Year	272,777,516	272,473,427	304,089
1970-71 Crop Year	91,105,890	91,076,240	29,650
1971-72 Crop Year	68,142,360	68,104,534	37,826
1972-73 Crop Year	20,754,104	20,743,090	11,014
1973-74 Crop Year	35,259,387	35,219,656	39,731
1974-75 Crop Year	46,635,399	46,589,871	45,528
1975-76 Crop Year	20,236,528	20,207,943	28,585
1976-77 Crop Year	130,592,220	130,465,864	126,356
1977-78 Crop Year	119,090,916	118,894,716	196,200
1978-79 Crop Year	151,316,450	151,179,603	136,847
1979-80 Crop Year	99,146,581	99,047,547	99,034
1980-81 Crop Year	61,640,150	61,583,361	56,789
1981-82 Crop Year	333,688,190	332,967,794	720,396
1982-83 Crop Year	309,022,755	306,786,235	2,236,52
1983-84 Crop Year	286,736,519	273,889,385	12,847,134
	$2,635,531,149	$2,618,483,139	
Balance to be refunded by Producers as at July 31, 1984			17,048,010
ADD: bank interest to July 31, 1984, payable by the Government of Canada		99,514,152	
LESS: amount paid to July 31, 1984		99,050,442	463,710
			17,511,720
DEDUCT: balance of funds received to cover advance payments in default:			
Government of Canada		1,101,703	
Line of Elevator Companies		72,834	
Interest received on default payments		8,654,969	9,829,506
Owing to the Canadian Wheat Board as at July 31, 1984			7,682,214

STATEMENTS OF SPECIAL ACCOUNT TRANSACTIONS
FOR THE YEAR ENDED JULY 31, 1984

EXHIBIT X

	$	$
Balance of Special Account as at July 31, 1983		6,858,057
Transfer to Special Account authorized by Order-in-Council P.C. 1984-2688 from the following:		
1976 Wheat Payment and Adjustment Payment Account	383,951	
1976 Oats Payment and Adjustment Payment Account	39,437	
1976 Barley Payment and Adjustment Payment Account	302,925	
1976 Designated Barley Payment Account	158,123	884,436
		7,742,493

Expenditures: Authorized by Order-in-Council No.	Description of Purpose	Unexpended as at July 31, 1983	Authorized Crop Year 1983-84	Unexpended as at July 31, 1984	Expended Crop Year 1983-84	
		$	$	$	$	
P.C. 1984-2690	Customer Mission Program	150,740	200,000	282,951	67,789	
P.C. 1984-2689	General Promotion and Overseas Advertising	86,838	150,000	124,454	112,384	
P.C. 1984-2642	Market Development	—	500,000	500,000	—	
P.C. 1984-1185	50th Anniversary	—	250,000	224,226	25,774	
P.C. 1983-3764	Canadian HY320 Wheat Testing Program	—	267,000	28,298	238,702	
P.C. 1983-2007	Canadian International Grains Institute Capital Expenditures	150,000	—	86,288	63,712	
P.C. 1983-2006	Market Development 1983-84	179,736	—	—	179,736	
P.C. 1983-2003	Joint Policy Co-ordinating Committee of Canada and U.S. Wheat Producers	100,000	—	90,030	9,970	
P.C. 1983-806	Prairie Grain Advance Payments Act — Administration	2,000,000	—	1,000,000	1,000,000	
P.C. 1982-2464	Market Development 1982-83	85,751	—	75,650	10,101	
P.C. 1981-3517	Remote Sensing Crop Monitoring Project	20,312	—	20,312	—	
P.C. 1981-3436	Scholarship and Assistantship Program	129,284	150,716	36,517	243,483	
P.C. 1980-669	Prairie Production Symposium	25,330	—	25,242	88	
		2,927,991	1,517,716	2,493,968		1,951,739
						5,790,754
LESS: Payments to producers against old payment accounts previously transferred to the Special Account						12,239
Balance of Special Account at July 31, 1984						5,778,515

As at July 31, 1984 there were unexpended authorizations totalling $2,493,968 leaving an unexpected balance of $3,284,547 in the Account.

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS

The Financial Statements of the Canadian Wheat Board including notes thereto for the crop year under review are presented in this section of the report. These statements consist of the Balance Sheet (Exhibit I), which sets forth the financial position of the Board as at July 31, 1984, together with other statements (Exhibits II to X) showing the results of the Board operations for the year.

The practice of the Board is to include in its accounts at July 31, the final operating results of pool accounts when marketing operations have been completed before the issuance of the annual report. Operations on the 1983-84 Pool Accounts for Wheat, Amber Durum Wheat, Oats, Designated Oats, Barley and Designated Barley were completed on October 31, 1984, and details of the final operating of these pool accounts with commentary thereon are presented in this section of the report.

Although the basic measurement for grain has been the 'tonne' since February 1, 1978, for your information a tonne equals 36.74371 bushels of Wheat, 64.84183 bushels of Oats or 45.92963 bushels of Barley.

Pool Account — Wheat

Initial Payments

During the crop year the Board was authorized to purchase wheat from producers at a fixed initial price of $170.00 per tonne for No. 1 Canadian Western Red Spring.

Supplies of Wheat

Supplies of wheat in the 1983-84 Pool were 21,117,075 tonnes, comprised to 20,186,978 tonnes delivered by producers, 85,330 tonnes acquired from other than producers and 844,767 tonnes purchased from the previous pool.

Grade Pattern

Deliveries of grain to the 1983-84 Pool Account were of considerably higher quality compared with receipts in the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totaled 15.029 million tonnes or 74.45 per cent of total receipts, while No. 3 Canada Western Red Spring receipts of 3.703 million tonnes amounted to 18.35 per cent of total receipts. Deliveries of utility grades including Canada Feed amounted to .550 million tonnes or 2.72 per cent of total producer deliveries. Approximately 3.08 per cent of producer deliveries graded tough while .22 per cent graded damp.

Financial Statement of Operations and Surplus for Distribution to Producers — Wheat — Table A.

Marketing operations on the Pool Account for Wheat resulted in an operating surplus of $478,602,282. After allowing for the cost of issuing the final payment and adding estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers amounted to $490,326,963. This represents an average of $24.289 on producer deliveries of 20,186,978 tonnes. Table B shows the total price realized by producers at $193.980 for No. 1 CW Red Spring, comparable with $192.344 for the previous pool.

Table B shows the initial payment, final payment and total prices realized by producers for the principal grades in the 1983-84 Pool Account.

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1983-84 POOL ACCOUNT — WHEAT
FOR THE PERIOD AUGUST 1, 1983, TO OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

TABLE A

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	20,186,978 tonnes		22,231,894 tonnes	
	$	$	$	$
Sales value	3,975,923,801	196.955	4,209,798,178	189.359
Initial payments to producers	3,352,896,639	166.092	3,711,880,032	166.962
Gross Surplus	623,027,162	30.863	497,918,146	22.397
Deduct Operating Costs:				
Carrying charges:				
Country elevators	89,905,467	4.453	95,374,468	4.290
Terminal storage	18,909,270	.937	19,301,107	.868
Total Carrying Charges	108,814,737	5.390	114,675,575	5.158
Bank interest and net interest on other Board accounts	(3,462,630)	(.172)	(18,084,165)	(.813)
Demurrage	(435,169)	(.022)	9,094,749	.409
Additional freight — to terminals	2,422,929	.120	3,580,308	.161
— freight rate changes	8,246,530	.409	—	—
Handling and stop-off	(49,462)	(.002)	(38,566)	(.002)
Drying	1,713,617	.085	788,818	.036
Rental of Hopper Cars	—	—	1,749,597	.079
Interest and depreciation on Wheat Board hopper cars	9,424,620	.467	9,876,572	.444
Wheat Board administrative expenses	17,750,708	.879	17,035,075	.766
Total Operating Costs	144,424,880	7.154	138,677,963	6.238
Surplus on Operations	478,602,282	23.709	359,240,183	16.159
Add: interest earned after October 31	11,883,105	.588	8,199,780	.369
Deduct: cost of issuing final payment	158,424	.088	183,317	.008
Surplus for Distribution of Producers	490,326,963	24.289	367,256,646	16.520

TOTAL PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF WHEAT BASIS IN STORE THUNDER BAY OR VANCOUVER — TABLE B

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Red Spring Wheat Grades			
No. 1 Canada Western Red Spring	170.00	23.980	193.980
No. 2 Canada Western Red Spring	164.21	26.023	190.233
No. 3 Canada Western Red Spring	159.21	19.346	178.556
No. 1 Canada Utility	155.21	19.346	174.556
No. 2 Canada Utility	141.21	22.777	163.987
Canada Feed	138.21	7.252	145.462
No. 1 Canada Western Red Winter	159.21	19.346	178.556
No. 2 Canada Western Red Winter	156.21	20.346	176.556
No. 1 Canada Western Soft White Spring	147.21	26.516	173.726
No. 2 Canada Western Soft White Spring	144.21	28.516	172.726

Operating Costs

Operating costs incurred applicable to the pool were $144,424,880 or $7.154 per tonne. Details of the principal costs and comment thereon follows:

Carrying Charges — $108,814,737

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on wheat in terminal elevators amounted to $108,814,737 or $5.390 per tonne.

Bank Interest and Net Interest on Other Board Accounts — ($3,463,630)

This consists mainly of bank interest and interest paid to or received from other Board accounts. Interest earned exceeded interest paid by $3,463,630 or $.172 per tonnes.

Additional Freight — to Terminals — $2,422,929 — Freight Rate Change — $8,246,530

During the crop year the Board paid $2,422,929 of additional freight arising out of the movement of grain in adverse direction.

With the abolition of the Crow's Nest Pass freight rate on December 31, 1983, freight rates increased by approximately 18 per cent on January 1, 1984, and a further increase of approximately 31 per cent on August 1, 1984. The Board was required to pay the additional freight on the country liabilities held by its agents on January 1 and August 1 amounting to $8,246,530 in the Wheat account.

Drying Charges — $1,713,617

Drying charges for 1983-84 totaled $1,713,617, a substantial increase from the previous year. Although the receipts of tough and damp grain delivered to the pool under review were significantly less than the previous year, a much greater proportion of those deliveries were dried.

Interest and Depreciation on Wheat Board Hopper Cars —$9,424,620

Costs for the use of the Board's 2,000 hopper cars include depreciation and interest. Hopper car expenses attributable to the 1983-84 Wheat Account totalled $9,424,620 compared to $9,876,572 for the previous pool.

Pool Account — Amber Durum Wheat

Initial Payments

At the beginning of the crop year the Board was authorized to purchase wheat from producers at a fixed initial price of $165.00 per tonne for No. 1 Canada Western Amber Durum Wheat. Effective February 20, 1984, the initial price for No. 1 Canada Western Amber Durum Wheat was increased to $180.00 per tonne.

Supplies of Amber Durum Wheat

Supplies of Amber Durum Wheat in the 1983-84 Pool were 2,750,330 tonnes, comprised of 2,278,079 tonnes delivered by producers, 8,408 tonnes acquired from other than producers, and 463,843 tonnes purchased from the previous pool.

Grade Pattern

Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totaled 2.225 million tonnes or 98.10 per cent of total producer deliveries. The tough and damp grades delivered amounted to .43 per cent of the total receipts.

Final Statement of Operations and Surplus for Distribution to Producers — Amber Durum Wheat — Table C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $50,593,695. Operating expenses totalled $18,591,794 for the year or $8.161 per tonne. The principal cost was carrying charges amounting to $13,327,156 or $5.850 per tonne. After allowing for the cost of issuing the final payment and estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers was $51,825,733. This represents an overall average of $22.750 per tonne on producer deliveries of 2,278,079 tonnes. Table D shows the total payment received by producers for the principal grades of Amber Durum Wheat delivered during the crop year. This table shows the total price realized by producers for No. 1 Canada Western Amber Durum Wheat of $204.043 per tonne, compared to $187.445 per tonne for the previous pool.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1983-84 POOL ACCOUNT — AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1983, TO OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

TABLE C

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	2,278,079 tonnes		2,885,156 tonnes	
	$	$	$	$
Sales value	475,588,757	208.767	548,665,349	190.168
Initial payments to producers	406,403,268	178.397	495,730,824	171.821
Gross Surplus	69,185,489	30.370	52,934,525	18.347
Deduct Operating Costs:				
Carrying charges:				
Country elevators	10,884,477	4.778	12,517,284	4.339
Terminal storage	2,442,679	1.072	3,619,402	1.254
Total Carrying Charges	13,327,156	5.850	16,136,686	5.593
Interest	(274,924)	(.120)	1,261,723	.437
Demurrage	1,495,075	.656	520,557	.181
Additional freight — to terminals	269,658	.118	117,958	.041
— freight rate changes	701,687	.308	—	—
Handling and stop-off	3,642	.002	882	.000
Drying	2,793	.001	24,232	.008
Rental of Hopper Cars	—	—	227,053	.079
Interest and depreciation on Wheat Board hopper cars	1,063,558	.467	1,281,737	.444
Wheat Board administrative expenses	2,003,149	.879	2,210,740	.766
Total Operating Costs	18,591,794	8.161	21,781,568	7.549
Surplus on Operations	50,593,695	22.209	31,152,957	10.798
Add: interest earned after October 31	1,256,179	.551	711,077	.247
Deduct: cost of issuing final payment	24,141	.010	31,230	.011
Surplus for Distribution to Producers	51,825,733	22.750	31,832,804	11.034

TOTAL PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF AMBER DURUM
WHEAT BASIS IN STORE THUNDER BAY
OR VANCOUVER

TABLE D

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Amber durum wheat grades			
No. 1 Canada Western Amber Durum	180.00	24.043	204.043
No. 2 Canada Western Amber Durum	177.21	21.833	199.043
No. 3 Canada Western Amber Durum	175.21	18.833	194.043
No. 4 Canada Western Amber Durum	159.21	13.252	172.462
No. 5 Canada Western Amber Durum	153.21	—	153.210

Pool Account — Oats

Commencing August 1, 1981, as authorized by Order-in-Council, oats selected and accepted from producers for use in processing and milling for human consumption, has been set up in a separate pool under the caption "Designated Oats". As a result, the transactions described here consist mainly of marketing results related to feeding grades of oats.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase oats from producers at a fixed initial price of $75.00 per tonne for No. 1 Feed Oats. Effective October 24, 1983, the initial price for No. 1 Feed Oats was increased to $100.000 per tonne.

Grade Pattern

Deliveries of Nos. 1 and 2 Canada Western Oats comprised 1.64 per cent of producer deliveries with feeding grades constituting the remaining 98.36 per cent of total receipts. Board receipts of tough and damp oats made up 6.02 per cent of deliveries.

Final Statement of Operations and Surplus for Distribution to Producers — Oats — Table E

Table E shows the operating results of the Pool Account for the 1983-84 crop year. Marketing operations resulted in a surplus of $385,062. Operating expenses totaled $857,179 or $15.475 per tonne. The principal cost was carrying charges amounting to $555,693 or $10.032 per tonne. After allowing for the cost of issuing the final payment and estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers was $390,763, which represents an overall average of $7.055 per tonne on producer deliveries of 55,389 tonnes. Table F shows the total payment received by producers for the principal grades of oats delivered during the crop year.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1983-84 POOL ACCOUNT — OATS
FOR THE PERIOD AUGUST 1, 1983, TO OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

TABLE E

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	55,389 tonnes		170,900 tonnes	
	$	$	$	$
Sales value	6,738,895	121.664	19,152,559	112.069
Initial payments to producers	5,496,654	99.237	15,287,956	89.456
Gross Surplus	1,242,241	22.427	3,864,603	22.613
Deduct Operating Costs:				
Carrying charges:				
Country elevators	374,439	6.760	1,106,878	6.477
Terminal storage	181,254	3.272	460,565	2.695
Total Carrying Charges	555,693	10.032	1,567,443	9.172
Interest	20,530	.371	225,162	1.317
Additional freight — to terminals	177,403	3.203	210,909	1.234
— freight rate changes	28,989	.523	—	—
Drying	—	—	—	—
Rental of Hopper Cars	—	—	13,449	.079
Interest and depreciation on Wheat Board hopper cars	25,859	.467	75,923	.444
Wheat Board administrative expenses	48,705	.879	130,952	.766
Total Operating Costs	857,179	15.475	2,223,838	13.012
Surplus on Operations	385,062	6.952	1,640,765	9.601
Add: interest earned after October 31	9,560	.173	37,451	.219
Deduct: cost of issuing final payment	3,859	.070	14,727	.086
Surplus for Distribution to Producers	390,763	7.055	1,663,489	9.734

TOTAL PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF OATS
BASIS IN STORE THUNDER BAY OR VANCOUVER TABLE F

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Oat Grades			
No. 1 Canada Western	106.00	13.107	119.107
No. 2 Canada Western	104.00	13.232	117.232
Extra No. 1 Feed	102.00	9.807	111.807
No. 1 Feed	100.00	6.607	106.607
No. 2 Feed	95.92	7.687	103.607

Pool Account — Designated Oats

Beginning with the crop year commencing on August 1, 1981 oats that have been delivered to the Board to be sold by the Board to purchasers who have selected and accepted the oats for use in processing and milling for human consumption, has been set up in a separate account. This account has been labelled 'Designated Oats' and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase Designated Oats from producers at fixed initial prices of $125.00 and $123.00 per tonne for Nos. 1 and 2 Canada Western Oats respectively and $119.00 per tonne for No. 1 Feed Oats. Effective October 24, 1983, the initial price for Nos. 1 and 2 Canadian Western Oats was increased to $140.00 and $138.00 per tonne respectively and $134.00 per tonne for No. 1 Feed Oats.

Supplies and Grade Pattern

Supplies of oats in the designated pool were 40,023 tonnes representing deliveries to the Board by producers during the crop year of oats which were selected and accepted by purchasers for use in processing and milling for human consumption. Receipts of Nos. 1 and 2 Canada Western Oats totalled 27,202 tonnes or 67.97 per cent of total deliveries. Feeding grades totaled 12,821 tonnes or 32.03 per cent of total receipts.

Final Statement of Operations and Surplus for Distribution to Producers — Designated Oats — Table G

Table G shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $591,895. As to operating costs, it should be noted that the Designated Oats Pool, by its very nature does not incur the handling expenses normally related to feeding grades of oats. It is not stored by the Board, being selected by the purchaser and shipped at his request from farm to processing plant via the country elevator. As a result, the only expenses incurred attributable to such oats were costs related to hopper cars owned by the Wheat Board administrative charges totalling $53,878 or 1.346 per tonne. These expenses were more than offset by interest earnings on the accumulating surplus in the pool of $77,206 or $1.929 per tonne. After providing for the cost of issuing the final payment and adding estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers was $605,979 or $15.141 per tonne on producer deliveries of 40,023 tonnes. Table H shows the total payment received by producers for the principal grades of Designated Oats delivered during the crop year.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1983-84 POOL ACCOUNT — DESIGNATED OATS
FOR THE PERIOD AUGUST 1, 1983 TO OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

TABLE G

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	40,023 tonnes		30,792 tonnes	
	$	$	$	$
Sales value	6,067,327	151.596	4,472,775	145.259
Initial prices paid to producers	5,498,760	137.390	4,225,541	137.230
Gross Surplus	568,567	14.206	247,234	8.029
Deduct Operating Costs:				
Interest and bank charges	(77,206)	(1.929)	(52,229)	(1.696)
Rental of Hopper Cars	—	—	2,423	.079
Interest and depreciation on Wheat Board hopper cars	18,685	.467	13,679	.444
Wheat Board administrative expenses	35,193	.879	23,594	.766
Total operating costs	(23,328)	(.583)	(12,533)	(.407)
Surplus on Operations	591,895	14.789	259,767	8.436
Add: Interest earned after October 31	14,696	.367	5,929	.193
Deduct: Cost of issuing final payment	612	.015	657	.021
Surplus for Distribution of Producers	605,979	15.141	265,039	8.608

TOTAL PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF DESIGNATED
OATS BASIS IN STORE
THUNDER BAY OR VANCOUVER

TABLE H

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Oats Grades			
No. 1 Canada Western	140.00	16.832	156.832
No. 2 Canada Western	138.00	16.832	154.832
Extra No. 1 Feed	136.00	12.332	148.332
No. 1 Feed	134.00	10.332	144.332
No. 2 Feed	130.00	12.332	142.332

1982-83 Pool Account — Barley

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for the use of malting, pot or pearling, has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist mainly of marketing results related to feeding grades of barley.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase barley from producers at a fixed initial price of $95.00 per tonne for No. 1 Feed Barley. Effective October 24, 1983, the initial price for No. 1 Feed Barley was increased to $110.00 per tonne.

Supplies and Grade Pattern

Supplies in the regular Feed Barley pool were 4,031,483 tonnes comprised of 4,007,756 tonnes delivered by producers and 23,727 tonnes acquired from other than producers. Deliveries of Nos. 1 and 2 Feed Barley comprised 98.67 per cent of the producer deliveries in the pool. Board receipts of tough and damp barley made up 4.41 per cent of deliveries.

Financial Statement of Operations and Surplus for Distribution to Producers — Barley — Table I

Table I shows the operating results of the Pool Account for the crop year. Marketing operations results in a surplus of $110,509,643. Operating expenses totaled $7,999,538 for the year of $1.996 per tonne. The principal cost was carrying charges amounting to $6,929,501 or $1.729 per tonne. After allowing for the cost of issuing the final payment and estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers was $113,185,268. This represents an overall average of $28.242 per tonne on producer deliveries of 4,007,756 tonnes. Table J shows the total payment received by producers for No. 1 Feed Barley as $138.023 per tonne.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1983-84 POOL ACCOUNT — BARLEY
FOR THE PERIOD AUGUST 1, 1983, TO OCTOBER 31, 1984
(with prior year figures for the 1982-83 Pool Account for comparison)

TABLE I

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	4,007,756 tonnes		4,574,888 tonnes	
	$	$	$	$
Sales value	557,270,427	139.048	517,403,578	113.097
Initial payments to producers	438,761,246	109.478	500,382,278	109.376
Gross Surplus	118,509,181	29.570	17,021,300	3.721
Deduct Operating Costs:				
Carrying charges:				
Country elevators	4,683,339	1.169	11,634,461	2.543
Terminal storage	2,246,162	.560	2,827,574	.618
Total Carrying Charges	6,929,501	1.729	14,462,035	3.161
Interest	(7,543,393)	(1.882)	(265,115)	(.058)
Demurrage	1,941,439	.484	1,031,954	.226
Additional freight — to terminals	902,833	.225	1,266,470	.277
— freight rate changes	207,308	.052	—	—
Handling and stop-off	(108,820)	(.027)	(33,710)	(.007)
Drying	275,505	.069	205,978	.045
Rental of Hopper Cars	—	—	360,030	.079
Interest and depreciation on Wheat Board hopper cars	1,871,085	.467	2,032,403	.444
Wheat Board administrative expenses	3,524,080	.879	3,505,490	.766
Total Operating Costs	7,999,538	1.996	22,565,535	4.933
Surplus (Deficit) on Operations	110,509,643	27.574	(5,544,235)	(1.212)
Add: Interest earned after October 31	2,743,818	.685		
Deduct: Cost of issuing final payment	68,193	.017		
Surplus for Distribution of Producers	113,185,268	28.242		

TOTAL PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF BARLEY BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE J

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Barley Grades			
No. 1 Canada Western Six-Row	112.93	28.593	141.523
No. 2 Canada Western Six-Row	111.93	28.593	140.523
No. 2 Canada Western Two-Row	111.93	28.593	140.523
No. 1 Feed	110.00	28.023	138.023
No. 2 Feed	107.43	29.903	137.333

Pool Account — Designated Barley

As stated previously, since August 1, 1975, barley that has been delivered to the Board to be sold by the Board to purchasers who have selected and accepted the barley for the use of malting, pot or pearling, has been set up in a separate Pool Account. This account has been labelled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

During the crop year the Board was authorized to purchase Designated Barley from producers at a fixed initial price of $140.00 per tonne for No. 2 Canada Western Six-Row and No. 2 Canada Western Two-Row.

Supplies and Grade Pattern

Supplies of barley in the designated pool were 1,004,377 tonnes, representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use of malting, pot or pearling. Of these receipts 753,804 tonnes or 75.05 per cent were row grades and 250, 573 tonnes or 24.95 per cent were feeding grades. Receipts of tough and damp grades totaled 6,030 tonnes or .60 per cent of total.

Final Statement of Operations and Surplus for Distributions to Producers — Designated Barley — Table K

Table K shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $31,381,262. As to operating costs, it should be noted that the Designated Barley by its very nature does not incur the handling expenses normally related to feeding grades of barley or other grains. It is not stored by the Board, being selected by the processor (buyer) from a producer's sample and is shipped on buyer's call directly from farm to processing plant via the country elevator. As a result the only expenses incurred attributable to such barley were costs related to hopper cars owned by the Wheat Board and administrative charges totalling $1,352,074 or $1.346 per tonne. These expenses were more than offset by interest earnings on the accumulating surplus in the pool of $3,836,353 or $3.819 per tonne. After allowing for the cost of issuing the final payment and estimated interest earnings subsequent to October 31, 1984, the net surplus for distribution to producers was $32,149,480 or $32.009 per tonne on producer deliveries of 1,004,377 tonnes. This is compared to $8,670,924 or $8.419 per tonne for the previous year. Table L shows the total payment received by producers for the principal grades of Designated Barley. The final return to producers for deliveries of No. 2 Canada Western Six-Row and No. 2 Canada Western Two-Row was $168.085 and $176.625 respectively, compared to $163.377 and $169.036 for these two grades respectively in the previous pool.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS ON THE 1983-84 POOL ACCOUNT — DESIGNATED BARLEY FOR THE PERIOD AUGUST 1, 1983, TO OCTOBER 31, 1984
(with prior year figures for the 1981-82 Pool Account for comparison)

TABLE K

	1983-84 Pool Account		1982-83 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from producers	1,004,377 tonnes		1,029,868 tonnes	
	$	$	$	$
Sales value	168,836,744	168.101	169,135,392	164.230
Initial payments to producers	139,939,761	139.330	161,381,046	156.701
Gross Surplus	28,896,983	28.771	7,754,346	7.529
Deduct Operating Costs:				
Interest	(3,836,353)	(3.819)	(2,063,962)	(2.004)
Rental of Hopper Cars	—	—	81,047	.079
Interest and depreciation of wheat Board hopper cars	468,910	.467	457,521	.444
Wheat Board administrative expenses	883,164	.879	789,132	.766
Total Operating Costs	(2,484,279)	(2.473)	(736,262)	(.715)
Surplus on Operations	31,381,262	31.244	8,490,608	8.244
Add: Interest earned after October 31	779,158	.776	193,801	.188
Deduct: Cost of issuing final payment	10,940	.011	13,485	.013
Surplus for Distribution of Producers	32.149,480	32.009	8,670,924	8.419

TOTAL PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF DESIGNATED BARLEY BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE L

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
Designated Barley Grades			
No. 1 Canada Western Six-Row	141.27	27.815	169.085
No. 2 Canada Western Six-Row	140.00	28.085	168.085
No. 1 Canada Western Two-Row	141.27	37.626	178.896
No. 2 Canada Western Two-Row	140.00	36.625	176.625
No. 1 Feed	136.77	30.215	166.985
No. 2 Feed	134.77	28.815	163.585

NOTES TO FINANCIAL STATEMENTS

The following notes are an integral part of the financial statements.

1. Accounting Policies

(a) Operating Results and Valuation of Stocks of Grain

The annual accounts at July 31 include the final operating results of all pool accounts for the crop year ended July 31 when marketing operations have been completed before the issuance of the annual report for that year. In determining the surpluses available for distribution on such pools the accounts of the Board at July 31 include:

(i) the stocks of such grains on hand at that date at the values which were ultimately received from the sale thereof basis instore Thunder Bay, Vancouver or Churchill; and

(ii) provision for all expenses incurred or to be incurred before the sales proceeds are realized in cash or in bills of exchange, including a charge for the portion of administrative and general expenses to be incurred subsequent to July 31 but relating to the marketing and accounting for the grains in the various pools before they are closed.

For pool accounts for which marketing operations have not been completed before the issuance of the annual report, the unsold stocks at July 31 are valued at cost, which is the initial price paid to producers, and no provision is made for carrying costs, interest, and administrative expenses beyond that date. Any debit or credit balance in these accounts is carried on the balance sheet.

(b) Foreign Currency Translations

Bills of exchange receivable in United States funds which are covered by forward exchange contracts are translated at the contract rates. In all other cases, bills of exchange receivable and bank loans payable in United States funds are translated at the rate of exchange in effect as at the balance sheet date, as is also the liability for debentures repayable in United States funds.

Foreign exchange adjustments arising from conversion of bills of exchange and bank loans are included in operating results. Adjustments arising from conversion of debenture debt are amortized over the term of the debentures.

(c) Depreciation

The rates of depreciation being applied are intended to fully depreciate assets over their expected lives and are as follows:

Hopper cars	30 years
Office building	40 years
Office furniture and equipment	10 years
Automotive equipment	2 years
(to 1/3 residual value)	

(d) Administration and General Expenses

Administration and general expenses, except for that portion of such expenses attributable to distributing final payments to producers, are allocated to the various pool account operations to which the services relate on the basis of the relative tonnage. Expenses attributable to final payments are allocated on the basis of the number of producers receiving payments from the various pool accounts.

2. Bills of Exchange Plus Accrued Interest

Of the total bills of exchange receivable, $1,330,848,725 (1983 — $962,977,686), represents the Canadian equivalent of $1,016,302,959 (1983 — $780,940,464) repayable in United States funds.

The balances receivable arise from sales of grain to Brazil, Egypt, German Democratic Republic, Haiti, Iraq, Israel, Mexico, Jamaica, Peru, Poland and Zambia. The terms call for payment in full within 36 months or less from time of shipment, except for Poland, Peru and Zambia where the Board, together with the Canadian Government, have agreed to reschedule certain receivables beyond their original maturity dates. Terms of such reschedulings call for payment of interest and the rescheduled debt within eight years. As at July 31, the total reschedulings amounted to $155,242,824 including $38,339,041, which is the Canadian equivalent of $29,570,040 receivable in United States currency. Subsequent to year end, the Government of Canada and other creditor nations agreed to a further rescheduling of Zambian debt that had earlier been rescheduled. Included in the reschedulings referred to earlier in this paragraph is $5,981,939 which will form part of this further rescheduling.

Besides rescheduling certain obligations that matured during 1981, Poland has not made payment of any principal and interest amounts that matured in the period January 1, 1982, to the close of the current crop year. As at July 31, 1984, unpaid amounts totaled $1,165,761,318 which includes the Canadian equivalent of $338,333,491 receivable in United States funds. It is expected that all unpaid amounts maturing during the 1982, 1983 and 1984 calendar years, amounting to $1,366,860,889 including the Canadian equivalent of $526,409,691 receivable in United States funds, will be the subject of a further rescheduling agreement in early 1985 in accordance with the multi-lateral arrangement concluded between Poland and official creditors.

During the crop year the Government of Canada and other creditor nations agreed to reschedule over an eight-year period certain obligations owing by Brazil. The Board, together with the Government of Canada, concluded the bilateral Rescheduling Agreement subsequent to the year end. The accounts of the Board at July 31, 1984, include $316,109,424 which was subject to rescheduling under this agreement.

Also during the crop year the Board, together with Government of Canada agreed to regularized payments from Haiti of amounts that had fall into arrears. The accounts of the Board at July 31, 1984, included $11,634,610 which will be repaid in regular equal monthly payments. This amount is expected to be fully repaid within 36 months.

Subsequent to year end the Government of Canada and other creditor nations agreed to reschedule over a nine-year period certain obligations owing by Jamaica. The accounts of the Board at July 31, 1984, include $6,846,942 which will be subject to rescheduling under this arrangement.

Credit sales are made within limits established by the Government of Canada which guarantees the Board's borrowings incurred to finance such sales, both as to principle and interest.

3. Accounts Receivable

Settlement on amounts due from Board agents on sales completed as at July 31 were received shortly after that date. Sundry accounts receivable consists mainly of freight costs which are recovered on completed sales.

4. Covered Hopper Cars

The Board purchased 2,000 covered hopper cars in 1979-80 having an original cost of $90,555,623 with accumulated depreciation of $13,443,561 to July 31, 1984. Of these 2,000 cars 21 cars have been wrecked and dismantled leaving 1,979 still in the fleet as at the year end. The Board is reimbursed for destroyed cars under an operating agreement with the Canadian National Railway.

5. Liability to banks

Details of Bank borrowings are as follows:

	July 31 1984	July 31 1983
	$	$
Ordinary Operations	150,914,705	82,219,221
Loans to finance credit sales	3,012,037,450	2,350,452,449
	3,162,952,155	2,432,671,670

Of the total liability, $1,329,541,729 (1983 — $962,313,138), represents the Canadian equivalent of $1,015,304,871 (1983 — $780,401,539) repayable in United States funds.

The Board's borrowings from chartered banks are guaranteed by the Government of Canada.

6. Debentures payable

The debentures with a face value of U.S. $50,000,000 were issued on December 1, 1982, at a price of $99,50 per $100, and bear interest at 11 1/4% per annum payable each December 1. No principal repayments are required until maturity on December 1, 1990. Under certain circumstances the Board may redeem the debentures in whole or in part prior to maturity. Depending upon the particular circumstances giving rise to any early redemption, a premium may be payable on the principal amount redeemed.

The debentures are secured by a charge against grain held by the Board.

7. Liability to agents for grain purchased from producers

Grain companies acting in the capacity of agents of the Board accept deliveries from producers at country elevators and pay the producers on behalf of the Board based on the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents at terminal or mill position. Liability to agents amounting to $826,390,827 (1983 — $1,098,454,073) represents the amount payable by the Board to its agents for 5,064,789 (1983 — 6,980,841) tonnes of wheat, amber durum wheat, oats and barley on hand at country elevator points and in transit at July 31 for which delivery to and settlement by the Board is to be completed subsequent to year end date.

8. Liability to agents for deferred cash tickets

Grain companies as agents of the Board deposit with the Board in trust the proceeds of deferred cash tickets issued for Board grain. These monies are returned to the grain companies to cover producer deferred cash tickets maturing predominately during the first days of the following calendar year.

9. Accrued expenses and accounts payable

This item principally comprises accrued carrying charges, storage, interest and transportation charge to July 31, 1984 together with all other unpaid sundry accounts as at the foregoing date. It also includes provisions for all charges relating to the marketing of Pool Accounts for wheat, amber durum wheat, oats, designated oats, barley and designated barley for the period from August 1, 1984 to completion of operations on October 31, 1984.

10. Special account — Net balance of undistributed payment accounts

In accordance with the provision of Section 30 of the Canadian Wheat Board Act the Governor in Council may authorize the Board to transfer to a Special Account the unclaimed balances remaining in payment accounts which have been payable to producers for a period of six years or more. In addition to providing for payment of proper claims from producers against these old payment accounts, the Section further provides that these funds shall be used for purposes as the Governor in Council upon the recommendations of the Board may deem to be for the benefit of producers.

11. Provision for final payment expenses

This represent the balance of the Board's reserve for final payment expenses of pool accounts that have been closed. Six years after particular accounts have been closed, the remaining reserves for these pools are transferred to the special account by Order-in-Council.

12. Lease commitments

The Board, as an agent of Her Majesty in Right of Canada, is the lessor of 2,000 covered hopper cars for the Government of Canada. All lease costs are recoverable from the Government and are not a charge to the operations of the Board. Total payments associated with leases in the year ended July 31, 1984, amounting to $16,166,224 (1983 — $16,272,614) have been recovered by the Board. Lease terms are for 20 and 25 years.

International Development Research Centre

AUDITOR'S REPORT

TO THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE
AND
THE HONOURABLE JEAN CHRÉTIEN, P.C., M.P.
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have examined the balance sheet of the International Development Research Centre as at March 31, 1984 and the statements of operations, equity of Canada and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RAYMOND DUBOIS, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1984

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984	1983
	$	$
Current		
Cash	292,165	339,798
Investments (Note 3)	16,379,708	14,667,511
Accounts receivable	685,257	688,017
Prepaid expenses	661,244	345,391
	18,018,374	16,040,717
Recoverable deposits	182,806	153,158
Property and equipment (Note 4)	3,501,636	2,847,736
	21,702,816	19,041,611

LIABILITIES	1984	1983
	$	$
Current		
Accounts payable and accrued liabilities (Note 5)	10,736,463	8,451,515
Funds provided for contract research	387,985	132,673
Obligation under capital lease	58,966	
	11,183,414	8,584,188
Long-term		
Obligation under capital lease (Note 6)	345,233	
Accrued employee separation benefits	2,255,458	2,402,937
	2,600,691	2,402,937
	13,784,105	10,987,125
EQUITY		
Equity of Canada	7,918,711	8,054,486
	21,702,816	19,041,611

Approved:

V. G. JORSSEN
Comptroller General and Treasurer

IVAN L. HEAD
President

STATEMENT OF EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Balance at the beginning of the year	8,054,486	5,025,854
Excess of (expenditure over revenue) revenue over expenditure	(135,775)	3,028,632
Balance at the end of the year	7,918,711	8,054,486

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Expenditure		
Development research		
Project grants	35,028,345	29,901,338
Centre projects	6,470,802	4,760,359
	41,499,147	34,661,697
Research related activities		
Project development and support	3,197,026	2,603,093
Information dissemination	1,839,571	1,708,522
Development research library	1,138,760	1,024,037
	6,175,357	5,335,652
Research operational support		
Technical support	8,704,415	7,446,150
Regional and liaison offices	3,477,706	2,763,436
Division management	3,376,809	3,045,380
	15,558,930	13,254,966
Contract research	436,935	311,401
Total research and support expenditure (Schedule 1)	63,670,369	53,563,716
Administration expenditure (Schedule 2)	6,940,920	5,864,982
	70,611,289	59,428,698
Revenue		
Grant from Parliament of Canada	67,400,000	59,200,000
Investment and other income	2,638,579	2,945,929
Contract research	436,935	311,401
	70,475,514	62,457,330
Excess of (expenditure over revenue) revenue over expenditure	(135,775)	3,028,632

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984	1983
	$	$
Source of funds		
Operations		
Excess of (expenditure over revenue) revenue over expenditure	(135,775)	3,028,632
Items not affecting funds		
Depreciation and amortization	645,832	503,391
Provision for employee separation benefits	200,514	506,511
Loss (gain) on disposal of property and equipment	365	(9,768)
	710,936	4,028,766
Increase in current items other than cash and investments	2,286,133	1,474,603
Obligation under capital lease	366,574	
Proceeds on disposal of property and equipment	15,099	64,035
	3,378,742	5,567,404
Use of funds		
Additions to property and equipment	1,315,196	1,084,865
Payment of employee separation benefits	347,993	318,689
Increase in recoverable deposits	29,648	43,119
Repayment of obligation under capital lease	21,341	
	1,714,178	1,446,673
Increase in funds	1,664,564	4,120,731
Funds at the beginning of the year	15,007,309	10,886,578
Funds at the end of the year	16,671,873	15,007,309
Represented by:		
Cash	292,165	339,798
Investments	16,379,708	14,667,511
Total	16,671,873	15,007,309

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Authority and objective

The International Development Research Centre as a Corporation without share capital, was established in 1970 by the Parliament of Canada through the International Development Research Centre Act. The annual grant received from the Parliament of Canada is pursuant to External Affairs Vote 45 for the years ended March 31, 1984 and 1983.

The objective of the Centre is to initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Property and equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives. Leasehold improvements are amortized over the terms of the respective leases. The methods and rates used to provide for the depreciation and amortization of property and equipment are as follows:

	Method	Rate
Computer hardware and systems software	Straight line	20%
Leasehold improvements	Straight line	6⅔%-20%
Office furniture and equipment	Diminishing balance	20%
Vehicles	Diminishing balance	30%
Equipment under capital lease	Straight line	20%

Research expenditure

Certain expenditures for development research, research related activities and contract research are charged to operations when disbursed and as they become due under the terms of contractual agreements. All other research expenditure is recorded on an accrual basis.

Contract research

The Centre enters into agreements to undertake contract research on behalf of various donor agencies. The Centre recognizes contract research revenue at the time that the related expenditure is incurred. Funds received in excess of contract research expenditures incurred are reflected in current liabilities.

Pension costs

Employees of the Centre are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

Income taxes

The Centre is exempt from any liability for income taxes.

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars at the rate of exchange in effect at year-end. Non-monetary assets are translated at rates prevailing at the respective transaction dates. Foreign currency transactions are translated into Canadian dollars by the use of an average exchange rate that closely approximates the rate in effect at the transaction date. Exchange gains and losses are included in operations for the current period.

3. Investments

Investments consist of short-term notes and deposits and treasury bills held with:

	1984	1983
	$	$
Canadian chartered banks	9,448,940	9,744,231
Governments and governmental enterprises	5,949,218	
Commercial enterprises	981,550	1,950,582
Trust and mortgage companies		2,441,915
Foreign bank—Exchange certificates		530,783
	16,379,708	14,667,511

4. Property and equipment

	1984			1983
	Cost	Accumulated depreciation and amortization	Net	Net
	$	$	$	$
Computer hardware and systems software	1,976,787	731,246	1,245,541	1,348,653
Leasehold improvements	1,750,953	898,473	852,480	679,099
Office furniture and equipment	1,258,208	620,732	637,476	524,703
Vehicles	573,915	245,707	328,208	295,281
Equipment under capital lease	437,931		437,931	
	5,997,794	2,496,158	3,501,636	2,847,736

5. Accounts payable and accrued liabilities

	1984	1983
	$	$
Accrued liabilities—Projects	7,491,383	5,707,656
Accrued annual and other leave benefits	1,421,118	1,384,102
Other	1,823,962	1,359,757
	10,736,463	8,451,515

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984—*Concluded*

6. Long-term obligation under capital lease

The future minimum lease payments under capital lease are as follows:

Year ending March 31	$
1985	108,636
1986	108,636
1987	108,636
1988	108,636
1989	108,636
Total future minimum lease payments	543,180
Less amount representing interest at 13.5%	138,981
Present value of the obligation	404,199
Less current portion	58,966
	345,233

The obligation under capital lease is recorded at an amount equal to the present value of the minimum lease payments using the interest rate of 13.5% implicit in the lease.

7. Operating leases

The Centre has entered into various lease arrangements for office premises, equipment and staff accommodation, in Canada and in various countries. The total payments under such lease arrangements will be as follows:

Year ending March 31	$
1985	2,319,027
1986	1,559,348
1987	1,194,943
1988	603,638
1989	16,300
	5,693,256

8. Contractual commitments—Project grants and project development

The Centre is committed to make payments totalling up to $64,000,000 during the next four years subject to funds being provided by Parliament and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totalling $21,300,000 and is awaiting acceptance of these offers.

9. Contingencies

The Centre is a defendant in an action for damages and costs allegedly sustained by the plaintiff. Management and counsel are of the opinion that the Centre has defences against any significant claim and accordingly no provision has been made in the financial statements in respect of this claim.

10. Comparative figures

The 1983 comparative figures have been reclassified to conform to the statement presentation adopted in 1984.

International Development Research Centre—*Concluded*

SCHEDULE OF RESEARCH AND SUPPORT EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1984

SCHEDULE 1

	1984					1983
	Development research	Research related activities	Research operational support	Contract research	Total	Total
	$	$	$	$	$	$
Programs						
Agriculture, Food and Nutrition Sciences	14,072,417	357,261	3,178,334	244,327	17,852,339	15,702,448
Social Sciences	10,445,904	697,456	3,118,533	24,873	14,286,766	12,473,020
Information Sciences	5,490,832	437,361	1,801,025	12,834	7,742,052	6,254,468
Health Sciences	5,588,048	264,002	1,438,597	17,373	7,308,020	6,356,493
Fellowship and Awards	3,564,201	67,298			3,631,499	2,916,450
Cooperative Programs	1,385,509	334,584	631,614	23,596	2,375,303	1,474,230
Program related activities						
Regional and Liaison Offices		488,023	3,477,706		3,965,729	3,104,097
External Liaison and Relations	7,236	192,098	607,094		806,428	675,584
Information Dissemination	129,024	1,839,571	1,306,027		3,274,622	2,850,023
Development Research Library		1,138,760			1,138,760	1,024,037
Special Program Activities	815,976	358,943		113,932	1,288,851	732,866
	41,499,147	6,175,357	15,558,930	436,935	63,670,369	53,563,716

SCHEDULE OF ADMINISTRATION EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1984

SCHEDULE 2

	1984	1983
	$	$
Salaries and benefits	4,623,727	3,954,254
Rent and accommodation	515,448	461,967
Office and sundry	490,853	404,352
Travel and relocation	414,663	224,513
Depreciation and amortization	358,925	268,505
Professional and special services	203,285	180,197
Governors' meetings	171,286	175,778
Telecommunications	123,850	130,289
Interest	23,924	
Insurance	14,959	65,127
	6,940,920	5,864,982

National Arts Centre Corporation

AUDITOR'S REPORT

THE HONOURABLE PAULINE MCGIBBON, C.C.
CHAIRMAN OF THE BOARD OF TRUSTEES OF THE
NATIONAL ARTS CENTRE CORPORATION

I have examined the balance sheet of the National Arts Centre Corporation as at August 31, 1983 and the statements of revenue and expenses, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at August 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Ontario
November 1, 1983

BALANCE SHEET AS AT AUGUST 31, 1983

ASSETS	1983	1982
	$	$
Current		
Cash	227,757	
Short-term investments (Note 3)	11,435,850	13,299,834
Accounts receivable (Note 4)	762,397	1,067,501
Inventories	417,580	325,090
Costs of programmes in progress	455,914	448,577
Prepaid expenses	437,729	303,515
	13,737,227	15,444,517

LIABILITIES	1983	1982
	$	$
Current		
Bank overdraft		24,856
Accounts payable and accrued liabilities (Note 5)	2,128,266	1,919,452
Deferred revenue (Note 6)	1,549,679	1,588,242
Deferred parliamentary appropriations		
Operating (Note 7)	8,415,700	7,942,100
Extraordinary building repairs (Note 8)	2,015,702	3,318,868
	14,109,347	14,793,518
Accrued employee termination benefits	297,365	263,005
	14,406,712	15,056,523
EQUITY (DEFICIENCY) OF CANADA		
(Deficit) surplus	(669,485)	387,994
	13,737,227	15,444,517

Approved by Management:

D.J.A. MACSWEEN
Director General

R. BLACKBURN
Assistant Director General
Finance and Administration

Approved by the Board of Trustees:

PAULINE M. MCGIBBON
Chairman

CLAUDE C. FRENETTE
Vice-Chairman

STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 1983

	1983	1982
	$	$
Operating revenue		
Performing arts programmes (Schedule 1)	6,325,821	5,412,247
Restaurants (Schedule 2)	2,387,966	2,130,804
Garage (Schedule 3)	1,145,751	1,036,195
Rentals	259,531	255,351
Other	722,336	599,679
	10,841,405	9,434,276
Operating expenses		
Performing arts programmes (Schedule 1)		
Direct operating costs	13,416,632	12,508,500
Support services	2,930,699	2,592,614
Restaurants (Schedule 2)	2,364,488	2,139,733
Garage (Schedule 3)	354,080	325,516
Operation of the building (Schedule 4)	4,318,634	3,385,673
Administrative services (Schedule 5)	3,773,397	3,371,475
	27,157,930	24,323,511
Excess of operating expenses over operating revenue	16,316,525	14,889,235
Other income		
Interest on short-term investments	1,075,646	1,417,282
Regional municipal grant	230,000	217,455
	1,305,646	1,634,737
Excess of expenses over revenue before parliamentary appropriation—Operating and extraordinary items	15,010,879	13,254,498
Parliamentary appropriation—Operating (Note 7)	13,953,400	12,625,100
Excess of expenses over revenue before extraordinary items	1,057,479	629,398
Extraordinary items		
Extraordinary building repairs	1,303,166	1,433,787
Parliamentary appropriation—Extraordinary building repairs (Note 8)	1,303,166	1,433,787
Excess of expenses over revenue	1,057,479	629,398

STATEMENT OF DEFICIT
FOR THE YEAR ENDED AUGUST 31, 1983

	1983	1982
	$	$
Reserve for major repairs and capital acquisitions		
Balance at beginning of the year	387,994	385,000
Transfer to deficit	(387,994)	(43,960)
Appropriation during the year		46,954
Balance at end of the year		387,994
Deficit		
Balance at beginning of the year		632,392
Excess of expenses over revenue	(1,057,479)	(629,398)
	(1,057,479)	2,994
Transfer from the reserve	387,994	43,960
	(669,485)	46,954
Appropriation during the year		(46,954)
Balance at end of the year	(669,485)	
(Deficit) surplus	(669,485)	387,994

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1983

	1983	1982
	$	$
Source of funds		
Parliamentary appropriations		
Operating	13,953,400	12,625,100
Extraordinary building repairs	1,303,166	1,433,787
Interest on short-term investments and regional municipal grant	1,305,646	1,634,737
	16,562,212	15,693,624
Application of funds		
Excess of operating expenses over operating revenue	16,316,525	14,889,235
Item not requiring an outlay of funds		
Increase in accrued employee termination benefits	(34,360)	(37,503)
Funds utilized by operations	16,282,165	14,851,732
Extraordinary building repairs	1,303,166	1,433,787
	17,585,331	16,285,519
Decrease in working capital	(1,023,119)	(591,895)
Working capital at beginning of the year	650,999	1,242,894
Working capital (deficiency) at end of the year	(372,120)	650,999

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1983

1. Objectives and operations

The objectives of the Corporation are: to operate and maintain the National Arts Centre; to develop the performing arts in the National Capital Region; and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

In furtherance of its objectives, the Corporation may arrange for and sponsor performing arts activities at the Centre; encourage and assist in the development of performing arts companies resident at the Centre; arrange for or sponsor radio and television broadcasts and the showing of films in the Centre; provide accommodation at the Centre, on such terms and conditions as the Corporation may fix, for national and local organizations whose objects include the development and encouragement of the performing arts in Canada; and, at the request of the Government of Canada or the Canada Council, arrange for performance elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

With a view to achieving the objectives, Her Majesty demised and leased the National Arts Centre building complex to the Corporation for a period of twenty years, expiring May 31, 1989. Under the terms of the lease, the Corporation is responsible for maintenance and operation of the building complex, but is not required to pay for the use of the complex. Accordingly, the expenses of the Corporation do not include any charge for rent.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Corporation are maintained on an accrual basis.

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1983—*Continued*

(b) Short-term investments

Short-term investments are carried at cost which approximates market value.

(c) Grants

Grants are recorded as revenue in the year in which the grantors make firm commitments to the Corporation.

(d) Costs of programmes in progress

Direct costs, including advances to performing companies and artists, incurred prior to the end of the year for programmes in progress are deferred and charged to expenses in the year in which the programmes terminate. Indirect costs and common services not attributable to particular performances are charged to expenses in the year in which they are incurred.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value (food and beverages) or replacement cost (production materials).

(f) Deferred revenue

Revenue from tickets sold prior to the end of the year for programmes in progress is deferred and credited to revenue in the year in which the programmes terminate. Gift certificates and exchange vouchers not redeemed within three years of the year of their issuance are written off and credited to revenue. A percentage of those less than three years old is also credited to revenue.

(g) Operating expenses

Expenses of performing arts programmes, restaurants and garage do not include costs relating to building and equipment maintenance, utilities and capital acquisitions. These costs are included in operation of the building expenses.

(h) Capital acquisitions

Capital acquisitions, including leasehold improvements, are charged to expenses in the year they are acquired.

(i) Pension plan

Employees of the Corporation participate in the Public Service Superannuation plan, which is administered by the Government of Canada. Contributions to the plan are required by both the employees and the Corporation. These contributions represent the Corporation's total debt and are recorded on a current basis.

(j) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(k) Parliamentary appropriations

The parliamentary appropriation for operating, received during the year ended August 31, is in respect of the Government of Canada's fiscal year ending on March 31 of the following year. Accordingly, as the amount received up to August 31 represents the total appropriation, 7/12ths is deferred to the following year and the balance, along with the amount deferred from the previous year, is credited to revenue in the current year.

The parliamentary appropriation received for extraordinary building repairs is considered as deferred revenue until used. An amount equal to the repairs incurred during the year, which are shown as an extraordinary item, is transferred to revenue as an extraordinary item. Should the total cost of the repairs be less than the amount received, the balance will be returned to the Consolidated Revenue Fund.

3. Short-term investments

Short-term investments include $50,000 in deposit certificates as security for the payment of fees to artists as required by a union.

4. Accounts receivable

	1983	1982
	$	$
Customers' accounts	513,563	571,183
Allowance for bad debts	(25,211)	(18,117)
	488,352	553,066
Accrued interest	105,757	357,227
Loans to musicians	96,785	63,014
Grants	57,500	72,485
Other	14,003	21,709
	762,397	1,067,501

5. Accounts payable and accrued liabilities

	1983	1982
	$	$
Trade	1,153,317	1,013,349
Accrued salaries and annual leave	553,307	400,155
Payroll deductions and sales tax	373,438	354,218
Holdbacks on contracts	48,204	151,730
	2,128,266	1,919,452

6. Deferred revenue

	1983	1982
	$	$
Tickets sold prior to the end of the year for programmes in progress	1,418,288	1,462,296
Other	131,391	125,946
	1,549,679	1,588,242

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1983—*Concluded*

7. Parliamentary appropriation—Operating

	1983	1982
	$	$
Deferred from the previous year	7,942,100	6,952,200
Received during the year	14,427,000	13,615,000
Credited to revenue for the year	(13,953,400)	(12,625,100)
Deferred to the following year	8,415,700	7,942,100

8. Parliamentary appropriation—Extraordinary building repairs

	1983	1982
	$	$
Deferred from the previous year	3,318,868	1,979,655
Received during the year		2,773,000
Credited to revenue for the year	(1,303,166)	(1,433,787)
Deferred to the following year	2,015,702	3,318,868

9. Lease commitments

Future minimum payments under operating leases as at August 31, 1983 amounted to $1,662,079 and are payable as follows:

Year ending August 31	$
1984	441,616
1985	405,617
1986	345,140
1987	269,084
1988	200,622
	1,662,079

10. Comparative figures

Certain figures for the year ended August 31, 1982 have been reclassified to conform to the presentation adopted for the year ended August 31, 1983.

SCHEDULE OF REVENUE AND EXPENSES—PERFORMING ARTS PROGRAMMES
FOR THE YEAR ENDED AUGUST 31, 1983

SCHEDULE 1

	Dance and Variety		Music		Theatre		Festival		Total	
	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982
	$	$	$	$	$	$	$	$	$	$
Revenue										
Box office	3,304,000	2,802,223	848,149	786,123	1,213,887	912,099	490,496	438,624	5,856,532	4,939,069
Specific grants			300	10,300		8,075			300	18,375
Recovery of costs	3,658	13,566	227,555	188,130	32,939	7,236	70,198	42,227	334,350	251,159
Other			102,756	139,503	15,534	37,104	16,349	27,037	134,639	203,644
	3,307,658	2,815,789	1,178,760	1,124,056	1,262,360	964,514	577,043	507,888	6,325,821	5,412,247
Expenses										
Direct										
Talent, performers and musicians	2,472,538	2,336,668	2,511,708	2,414,715	961,410	849,228	853,080	663,151	6,798,736	6,263,762
Set, prop, sound and stage crew	429,408	366,190	221,302	201,987	1,805,387	1,471,996	470,361	685,680	2,926,458	2,725,853
Wardrobe					165,041	186,932	173,699	158,154	338,740	345,086
Artistic, creative and professional services	5,390	2,326	10,129	10,028	302,609	257,817	76,519	137,065	394,647	407,236
Theatre and other production	113,450	100,556	99,715	72,148	198,760	151,078	54,040	28,035	465,965	351,817
	3,020,786	2,805,740	2,842,854	2,698,878	3,433,207	2,917,051	1,627,699	1,672,085	10,924,546	10,093,754
Advertising										
Performances	249,530	246,935	95,849	93,488	206,559	159,378	163,230	120,826	715,168	620,627
Subscriptions	54,965	64,682	179,598	195,126	148,896	120,627			383,459	380,435
	304,495	311,617	275,447	288,614	355,455	280,005	163,230	120,826	1,098,627	1,001,062
Administration (Schedule 6)	193,499	198,545	359,254	364,333	688,393	656,772	152,313	194,034	1,393,459	1,413,684
Direct operating costs	3,518,780	3,315,902	3,477,555	3,351,825	4,477,055	3,853,828	1,943,242	1,986,945	13,416,632	12,508,500
Excess of expenses over revenue before unallocated costs	211,122	500,113	2,298,795	2,227,769	3,214,695	2,889,314	1,366,199	1,479,057	7,090,811	7,096,253
Support services (Schedule 6)									2,930,699	2,592,614
Excess of expenses over revenue									10,021,510	9,688,867

National Arts Centre Corporation—*Concluded*

SCHEDULE OF REVENUE AND EXPENSES— RESTAURANTS FOR THE YEAR ENDED AUGUST 31, 1983 — SCHEDULE 2

	1983	1982
	$	$
Revenue		
Food	1,307,663	1,162,596
Beverages	1,049,300	944,872
Other	31,003	23,336
	2,387,966	2,130,804
Expenses		
Cost of sales		
Food	529,355	463,139
Beverages	336,988	309,864
	866,343	773,003
General and administration		
Salaries, wages and employee benefits	1,243,223	1,128,695
Supplies and equipment rental	154,661	167,637
Other	100,261	70,398
	1,498,145	1,366,730
	2,364,488	2,139,733
Excess of revenue over expenses (expenses over revenue)	23,478	(8,929)

SCHEDULE OF REVENUE AND EXPENSES— GARAGE FOR THE YEAR ENDED AUGUST 31, 1983 — SCHEDULE 3

	1983	1982
	$	$
Revenue		
Parking	1,143,783	1,034,259
Other	1,968	1,936
	1,145,751	1,036,195
Expenses		
Salaries, wages and employee benefits	331,360	302,384
Other	22,720	23,132
	354,080	325,516
Excess of revenue over expenses	791,671	710,679

SCHEDULE OF EXPENSES— OPERATION OF THE BUILDING FOR THE YEAR ENDED AUGUST 31, 1983 — SCHEDULE 4

	1983	1982
	$	$
Salaries, wages and employee benefits	1,490,928	1,350,657
Repairs and maintenance to buildings and equipment	1,200,470	866,707
Furniture and equipment	769,873	361,524
Utilities	749,818	721,539
Professional services and expenses	50,458	53,060
Travel and duty entertainment	13,027	5,185
Office expenses	2,706	1,184
Advertising and promotion		1,419
Other	41,354	24,398
	4,318,634	3,385,673

SCHEDULE OF EXPENSES— ADMINISTRATIVE SERVICES FOR THE YEAR ENDED AUGUST 31, 1983 — SCHEDULE 5

	1983	1982
	$	$
Salaries, wages and employee benefits	2,457,375	2,267,433
Telecommunications	367,963	233,195
Office expenses	301,040	233,854
Advertising and promotion	138,285	103,736
Professional services and expenses	105,892	147,896
Trustee's fees and expenses	100,668	90,069
Office rent	96,463	76,323
Insurance	68,597	68,347
Travel and duty entertainment	68,187	78,270
Repairs and maintenance to buildings and equipment	11,901	13,616
Other	57,026	58,736
	3,773,397	3,371,475

SCHEDULE OF EXPENSES— PERFORMING ARTS PROGRAMMES FOR THE YEAR ENDED AUGUST 31, 1983 — SCHEDULE 6

	Administration		Support services	
	1983	1982	1983	1982
	$	$	$	$
Salaries, wages and employee benefits	1,219,909	1,232,137	1,788,103	1,562,500
Travel and duty entertainment	107,597	124,162	57,046	31,823
Professional services and expenses	27,195	15,498	65,777	68,520
Office expenses	14,758	15,024	293,850	270,430
Advertising and promotion			425,390	372,807
Warehouse rent			127,385	91,143
Commissions and service charges			120,095	114,713
Other	24,000	26,863	53,053	80,678
	1,393,459	1,413,684	2,930,699	2,592,614

PART II

CROWN CORPORATIONS AND OTHER CORPORATE INTERESTS

1. INTRODUCTION TO PART II

This Part responds to the provision in the Financial Administration Act, paragraph 153(3)(a) that the Report of the President "shall include a list naming, as of a specified date, all Crown corporations and all corporations of which any shares are held by, on behalf of or in trust for the Crown or any Crown corporation."

The information represents the status of Crown corporations and other Canadian government interests as at 31 December 1984, unless otherwise noted.

The manner of listing here is by class of entity, using the classification which has been used in previous years in an annual publication of the Treasury Board entitled Crown Corporations and Other Canadian Government Corporate Interests.

The individual lists are:

- parent Crown corporations and their subsidiaries and associates. These are grouped as:
  - Wholly-owned subsidiaries, if 100 per cent owned,
  - Subsidiaries, if 50 per cent or more of the equity is held by a Crown corporation, or,
  - Associates if less than 50 per cent is held. (Subsidiaries of subsidiaries are listed generally only to a second ownership level below the 100% owned category).
- Joint Enterprises are those owned by Canada jointly with another government, foreign, provincial or municipal.
- Mixed Enterprises are those in which ownership is shared by Canada and private sector interests.
- Other Entities are entities without share capital, for which the Government of Canada, directly or through a Crown corporation, has a right pursuant to statute, articles of incorporation, letters patent or bylaw, to appoint one or more members of the board of directors or similar governing body.
- International Organizations are entities created pursuant to international agreements to which Canada has a right to appoint or elect members to a governing body.

A statistical summary of the numbers of entities in each of the lists is presented on the next page.

The reader should note that the descriptions of corporate mandates appearing in this document are intended to convey the essence of those mandates. They are not legal descriptions. For further information the reader is referred to the constituent Acts, articles of incorporation, or annual reports of the corporations.

2. STATISTICAL SUMMARY

December 31 1984	
Crown Corporations	
• Parent Crown corporations including seven corporations which are exempt from Part XII of the FAA	57*
• Wholly-owned subsidiaries	134
TOTAL	191
Crown Corporations' Investments (direct and indirect)	
• Subsidiaries held at 50% or more but less than 100%	34
• Associates held less than 50%	92
TOTAL	126
Joint and Mixed Enterprises	
TOTAL	24
Other Entities	
- Entities without share capital	35
International Organizations	
- Entities created pursuant to international agreement	13

* Subsequent to December 31, 1984, Pêcheries Canada Ltd., Canada Museums Construction Corporation Inc. and International Centre for Ocean Development were added to Schedule "C-I" of the Financial Administration Act.

3. THE LISTINGS

3.1. PARENT CROWN CORPORATIONS, WHOLLY-OWNED SUBSIDIARIES, OTHER SUBSIDIARIES AND ASSOCIATES

Notes

1. Where scheduled in the Financial Administration Act (FAA), the relevant schedule is shown in parentheses immediately following the corporation's name.

2. Under the FAA, a subsidiary is a Crown corporation if it is wholly owned directly or indirectly by a parent Crown corporation.

---

1. Air Canada (C-II)

    Subsidiaries held at 100%
        Air Canada Services Inc.
        Airline Maintenance Buildings Limited
        Airtransit Canada
        Touram Inc.
            Touram Group Service, Inc.

    Subsidiaries held at 50-99%
        Matac Cargo Ltd. (50%)

    Associates held at less than 50%
        Aeronautical Radio, Inc. (1.0%)
        Air Cargo Facilities (2.5%)
        Airlines Clearing House Inc. (1.00%)
        Airline Tariff Publishing Co. (6.69%)
        Global Travel Communications Inc. (17.8%)
        Global Travel Computer Holdings Ltd. (21.1%)
        GPA Group Limited (22.68%)
            Air Maple Limited (49.0%)
            Air Tara Limited (49.0%)
            Aviation Consultants Limited (49.0%)
            GPA Corporation (49.0%)
                Transportation Analysis International Inc.
            GPA (Europe) Limited (49.0%)
            GPA Midland Ltd. (51%)
                GPM (Cayman) Limited
                Guillemot Limited
                Avion Investment Company
                Aerocet Investment Company
            Transportation Analysis International Ltd.
        Innotech Aviation Ltd. (30%)
            Cross Canada Flights Ltd.
            Innotech Aviation Nfld. Ltd.
        International Aeradio (Caribbean) Limited (1%)
        Société internationale de télécommunications
            aéronautiques (0.78%)

2. Atlantic Pilotage Authority (C-I)

3. Atomic Energy of Canada Limited (C-I)

4. Bank of Canada (Exempted)

5. Canada Council (Exempted)

6. Canada Deposit Insurance Corporation (C-I)

7. Canada Development Investment Corporation (C-II)

    Subsidiaries held at 100%
        Canadair Financial Corporation
        Canadair Limited
            Canadair Inc.
            Canadair International Limited
            Canadair Services Limited
            Canadian General Atomic Corporation Limited
            Canarch Limited
            Challenger Aviation Service GmbH
        The de Havilland Aircraft of Canada, Limited
            de Havilland Canada, Inc.
        Eldorado Nuclear Limited
            Eldorado MPI Limited
            Eldorado Aviation Limited
            Eldorado Resources Limited
            119371 Canada Limited
                Eldor Resources Limited
                Key Lake Mining Corp. (16.6%)

8. Canada Harbour Place Corporation (C-I)

9. Canada Lands Company Limited (C-I)

    Subsidiaries held at 100%
        Canada Lands Company (Mirabel) Limited
        Canada Lands Company (Le Vieux-Port de Montréal) Limited
        Canada Lands Company (Vieux-Port de Québec) Inc.

10. Canada Mortgage and Housing Corporation (C-I)

11. Canada Museums Construction Corporation Inc. (C-I)

12. Canada Ports Corporation (C-II)

    Subsidiary held at 50-99%
        Ridley Terminals Inc. (90%)

13. Canada Post Corporation (C-I)

14. Canadian Arsenals Limited (C-I)

15. Canadian Broadcasting Corporation (Exempted)

Associates held at less than 50%
- Master FM Limited (20%)
- Visnews Limited (33%)
  - News Film Services Limited
  - British Commonwealth International Newsfilm Agency Limited
  - Viscom International (USA) Limited

16. Canadian Commercial Corporation (C-I)

17. Canadian Dairy Commission (C-I)

18. Canadian Film Development Corporation (Exempted)

19. Canadian Institute for International Peace and Security (C-I)

20. Canadian Livestock Feed Board (C-I)

21. Canadian National Railway Company (C-II)

Subsidiaries held at 100%
- Autoport Limited
- The Canada and Gulf Terminal Railway Company
- Canadian National Express Company
- The Canadian National Railways Securities Trust
- Canadian National Steamship Company, Limited
- Canadian National Telegraph Company
- The Great North Western Telegraph Company of Canada (98%)
- Canadian National Transfer Company Limited
- Canadian National Transportation, Limited
  - Chapman Transport Limited
  - Empire Freightways Limited
  - Royal Transportation Limited
  - Transport Route Canada Inc.
    - Chalut Transport (1974) Inc.
    - Les Entreprises Bussières Ltée (50%)
    - Transport Husband (Québec) Inc.
- Canat Limited
- CN (France) S.A.
- CNM Inc.
  - Coastal Transport Limited
  - Halifax Industries (Holdings) Limited (33.3%)
  - Lakespan Marine Inc. (50%)
  - Seabase Limited (15%)

CN Marine Inc.
CN Tower Limited
CN Transactions Inc.
- Canac Consultants Limited
- Canadian National Hotels (Moncton) Ltd.
- Canaprev Inc. (50%)
- Canaven Limited
- CN Exploration Inc.
- CN Hotels Inc.
- East Yard Development Ltd. (50%)
- The Toronto Terminals Railway Company (50%)

Grand Trunk Corporation
- Central Vermont Railway, Inc.
  - Domestic Four Leasing Corporation
- Domestic Three Leasing Corporation
- Domestic Two Leasing Corporation
- Duluth, Winnipeg and Pacific Railway Company
- Grand Trunk Land Development Corporation
- Grand Trunk Radio Communications, Inc.
- Grand Trunk Western Railroad Company
  - The Belt Railway Company of Chicago (7.69%)
  - Chicago and Western Indiana Railroad Company (20%)
  - Trailer Train Company (2.44%)

The Minnesota and Manitoba Railroad Company
The Minnesota and Ontario Bridge Company
Mount Royal Tunnel and Terminal Company, Limited
Northwestel Inc.
Terra Nova Telecommunications Inc.

Subsidiaries held at 50-99%
- The Canadian Northern Quebec Railway Company (59.7%)
- EID Electronic Identification Systems Ltd. (60%)
- The Northern Consolidated Holding Company Limited (71.9%)
- The Public Markets, Limited (50%)
- The Quebec and Lake St. John Railway Company (89.1%)
- Shawinigan Terminal Railway Company (50%)

Associates held at less than 50%
- Compagnie de Gestion de Matane Inc. (49.9%)
- Computer Sciences Canada, Ltd. (7.87%)
- Eurocanadian Shipholdings Limited (18%)
- Fort Point Holdings Ltd. (25%)
- Halterm Limited (33.3%)
- Intercast S.A. (18%)
- OCRA Communications Inc. (8.9%)
- Telesat Canada (3.75%)

22. Canadian National (West Indies) Steamships Ltd. (C-I)

23. Canadian Patents and Development Limited (C-I)

24. Canadian Saltfish Corporation (C-I)

25. Canadian Sports Pool Corporation (C-I)

26. Canadian Wheat Board (Exempted)

27. Canagrex (C-I)

28. Cape Breton Development Corporation (C-I)

Subsidiaries held at 100%
- Darr (Cape Breton) Limited
- Dundee Estates Limited

Subsidiaries held at 50-99%
- Whale Cove Summer Village Limited (62.5%)

Associates held at less than 50%
- Bay Lumber Limited (7%)
- Cape Breton Offshore Fabricators Limited (33 1/3%)
- Eastern Carbide Tools Limited (1%)
- Haak Conveyor & Manufacturing Limited (42%)
- Newco Mining Limited (10%)
- Sun Mountain Development Limited (Cape Breton Ski Club) (4%)
- 4 M Panga Hotel Co. Limited (45%)

29. Defence Construction (1951) Limited (C-I)

30. Export Development Corporation (C-I)

31. Farm Credit Corporation (C-I)

32. Federal Business Development Bank (C-I)

33. Freshwater Fish Marketing Corporation (C-I)

34. Great Lakes Pilotage Authority Ltd. (C-I)

35. Halifax Port Corporation (C-II)

36. Harbourfront Corporation (C-I)

Subsidiaries held at 50-99%
- Harbourfront Developments (Harbourfront) Limited

Subsidiaries without share capital
- Art Gallery at Harbourfront
- School-By-the-Water

37. International Centre for Ocean Development (C-I)

38. The International Development Research Centre (Exempted)

39. Laurentian Pilotage Authority (C-I)

40. Loto Canada Inc. (C-I)

41. Mingan Associates Ltd. (C-I)

42. Montreal Port Corporation (C-II)

43. National Arts Centre Corporation (Exempted)

44. National Capital Commission (C-I)

45. Northern Canada Power Commission (C-I)

46. Northern Transportation Company Limited (C-II)

    Subsidiaries held at 100%
        Grimshaw Trucking and Distributing Ltd.
        Nortran Offshore Limited

47. Pacific Pilotage Authority (C-I)

48. Pêcheries Canada Inc. (C-I)
    Pêcheries Cartier Inc.
        Chantier Maritime de Gaspé
        Pêcheries Atlantiques du Québec Inc. (75%)

49. Petro-Canada (C-II)*

    Subsidiaries held at 100%
        Canertech Inc.
            Mechron Energy Ltd.
                Hunter Enterprises Orillia Limited (60.0%)
                Sparfil International Inc. (49.0%)
                Trecan Limited (51.0%)
                Valera Electronics Inc. (11.3%)
            Canertech Conservation Inc.
                Canertech Conservation (N.B. - P.E.I.) Inc. (81.6%)
                Canertech Conservation (N.S.) Inc. (80.0%)
                Canertech Conservation (Ontario) Inc. (88.9%)
            107744 Canada Inc.
        Petro-Canada Consulting Corporation
        Petro-Canada International Assistance Corporation

* Subsidiaries listing as at April 15, 1985

- Petro-Canada Inc.
  - Arctic Islands Resources Ltd.
  - Arctic Pilot Project Inc.
  - Asher American, Inc.
  - Big Eagle Oil & Gas Ltd.
    - Aquilla Holdings Ltd.
  - Blakeny & Son (1979) Ltd.
  - Fifth Pacific Stations Ltd.
  - GMI Co. (Bahamas) Limited
  - Independent Fuels & Lumber Ltd.
  - Joseph Elie Limited
  - Opal Oils Limited
    - Commodore Oils Limited
      - First Pacific Stations Ltd.
      - Second Pacific Stations Ltd.
      - Third Pacific Stations Ltd.
      - Fourth Pacific Stations Ltd.
  - *Pacific Petrochemicals Limited
  - *Pacific Petroleums Limited
  - Pacific Petroleums (Overseas) Limited
  - Pacific Pipelines, Inc.
  - Petro-Canada Chemicals Inc.
  - Petro-Canada Drilling Inc.
  - *Petro-Canada Enterprises Inc.
  - Petro-Canada Espanola, S.A.
  - Petro-Canada Norway A/S
  - Petro-Canada Oil & Gas Inc.
  - *Petro-Canada Petroleum Inc.
  - Petro-Canada Resources Inc.
    - Petro-Canada Products Inc.
      - BP Home Comfort Limited
      - BP Marketing Canada Limited
      - Depanneurs Le Frigo Ltée.
      - Chatelaine Restaurants Limited
      - L.M. Petroleum Inc.
      - Saint Laurent Petroleum Inc.
  - Petro-Canada (U.K.) Limited
  - Petroleum Transmission Company
  - Petron Petroleum Limited
  - Prairie Leaseholds Limited
  - Prairie Minerals Limited
  - Rocair Limited
  - Tri-Mountain Petroleums Ltd.
  - Value Serve Stations Limited
  - Venezuelan Canadian Oils, C.A.
  - Venezuelan Pacific Petroleums, C.A.
  - Xychem Inc.
  - 103912 Canada Inc.
  - 106616 Canada Inc.
  - 106617 Canada Inc.
  - 106618 Canada Inc.
  - 106619 Canada Inc.

(*Denotes subsidiaries that are in the process of dissolution.)

106620 Canada Inc.
106621 Canada Inc.
123627 Canada Inc.

Subsidiaries held at 50-99%

- Cal-Jet Holdings Limited (50%)
- Canstar Oils Sands Ltd. (50%)
- Keyanaw Oils Sands Limited (50%)
- Les Huiles Du Royaume Inc. (50%)
- Marchand Petroleum (Canada) Inc. (50%)
- Panarctic Oils Ltd. (52.73%)
- Petro-Canada Centre Finance Inc. (50%)
- Petro-Canada Centre Inc. (50%)
- Sedpex Inc. (50%)
- Viatec Resource Systems, Inc. (50%)
- Wapisoo Oils Sands Ltd. (50%)
- 288564 Alberta Ltd. (50%)

Subsidiaries held at less than 50%

- Ducharme & Carbone (1981) Inc. (43.8%)
- Harvey's Oil Limited (49.9%)
- Internationale de Services Industriels et Scientifique, S.A. (27%)
- Les Huiles Desroches Inc. (45%)
- Les Petroles Sherbrooke Inc. (47%)
- Mcasphalte Inc. (49%)
- Marc Dufresne (1978) Inc. (49.99%)
- Northward Development Ltd. (17%)
- Perry Fuels Inc. (49%)
- Petroles de la Mauricie (Canada) Inc. (49.99%)
- Petroles M. Miron Inc. (49.9%)
- Petroles St. Jean Sur Richelieu Inc. (49%)
- Roma Fuels Limited (49%)
- Sulconam Inc. (7.6%)
- Syncrude Canada Ltd. (17%)
- Thermo Page Inc. (49.9%)
- Town & Country Fuels (1980) Inc. (49%)
- Westcoast Transmission Company Ltd. (31.2%)
- 113989 Canada Ltd. (49.9%)
- 128963 Canada Inc. (49%)
- 139741 Canada Ltée. (49%)

Subsidiaries held at less than 5%

- Campbell Resources Inc.
- Cheyenne Petroleum Corp. (NPL)
- Cynthia Gas Gathering Company
- International Standard Resources Ltd.

Manhattan Continental Dev. Corp.
Mascot Gold Mines Ltd.
New Nadina Explorations Ltd.
Nova, An Alberta Corporation
Pacific Energy Resources Ltd.
Pacific Northern Gas
Peace Pipe Line Ltd.
Petrogas Processing Ltd.
Polar Gas Engineering Services Ltd.
Redwater Water Disposal Co.
Riley's Data Share
Rimbey Pipe Line Co. Ltd.
Sultran Ltd.
Wardean Drilling Co. Limited
204383 Enterprises Inc.

50. Port of Québec Corporation (C-II)

51. Prince Rupert Port Corporation (C-II)

52. Royal Canadian Mint (C-I)

53. Societa a responsibilita Limitata
Immobiliare San Sebastiano (C-I)

54. Standards Council of Canada (C-I)

55. St. Anthony Fisheries Ltd. (C-I)

56. The St. Lawrence Seaway Authority (C-I)

Subsidiaries held at 100%
The Jacques Cartier and Champlain Bridges Incorporated
The Seaway International Bridge Corporation, Ltd.

57. Teleglobe Canada (C-II)

Subsidiary held at 100%
Teleglobe Canada Limited

58. Uranium Canada, Limited (C-I)

59. Vancouver Port Corporation (C-II)

60. VIA Rail Canada Inc. (C-I)

3.2 JOINT AND MIXED ENTERPRISES

These are enterprises with share capital owned jointly with other governments and/or other organizations to further common objectives.

Note

Subsidiaries and associates are not listed.

1. Canada Development Corporation

2. Canarctic Shipping Company Limited

3. Cooperative Energy Corporation

4. Lower Churchill Development Corporation Limited

5. Mohawk St. Régis Lacrosse Ltd. (inactive)

6. Nanisivik Mines Limited

7. Newfoundland and Labrador Development Corporation Limited

8. North Portage Development Corporation

9. N.S. Holdco Ltd.

10. Société Inter-Port de Québec

11. Telesat Canada

12. 125459 Canada Ltd.

Under terms of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in the following corporations:

13. Prestige Poultry Products Ltd.

14. Mount Nansen Mines Ltd.

15. Geoform Designs Inc.

16. Captain Scotts Fish & Chips (1978) Ltd.

17. Romfield Building Corporation Ltd.

18. Sixpro Inc.

19. International Hydrodynamics Co. Ltd.

20. Wilanour Resources Ltd.

21. Blake Resources

22. Totran Services Ltd.

23. House of Brougham Ltd.

24. Equity Capital Investments Ltd.

3.3 OTHER ENTITIES

These are entities without share capital for which the Government of Canada has a right to appoint members to the boards of directors or similar governing bodies.

1. Agricultural Products Board

2. The Army Benevolent Fund

3. Association for the Export of Canadian Books

4. The Blue Water Bridge Authority

5. Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children

6. Canada Fitness Survey (99488 Canada Inc.)

7. Canada Grains Council

8. The Canadian Co-operative Implements Limited

9. Canadian International Grains Institute

10. Coaching Association of Canada

11. Footwear and Leather Institute of Canada

12. Forest Engineering Research Institute of Canada

<u>Harbour Commissions</u>

13. Fraser River Harbour Commission
14. The Hamilton Harbour Commissioners
15. Lakehead Harbour Commission
16. Nanaimo Harbour Commission
17. North Fraser Harbour Commission
18. Oshawa Harbour Commission
19. Port Alberni Harbour Commission
20. The Toronto Harbour Commissioners
21. Windsor Harbour Commission

22. Hockey Canada Inc.

23. International Fisheries Commissions Pension Society
24. Last Post Fund
25. Medical Council of Canada
26. The Nature Trust of British Columbia
27. National Sport and Recreation Centre, Inc.
28. Oo-Za-We-Kwun Centre Inc. (inactive)
29. PARTICIPaction (Sport Participation Corporation)
30. POS Pilot Plant Corporation
31. Roosevelt Campobello International Park Commission
32. Saint John Harbour Bridge Authority
33. Terry Fox Humanitarian Award Inc.
34. The Vanier Institute of the Family
35. Western Grains Research Foundation

3.4 INTERNATIONAL ORGANIZATIONS

Entities created pursuant to international agreements to which Canada has a right to appoint or elect members to a governing body.

1. African Development Bank
2. African Development Fund
3. Asian Development Bank
4. Caribbean Development Bank
5. Commonwealth War Graves Commission
6. Inter American Development Bank
7. International Bank for Reconstruction and Development
8. International Boundary Commission
9. International Development Association
10. International Finance Corporation
11. International Fund for Agricultural Development
12. International Joint Commission
13. International Monetary Fund

4.1 JOINT AND MIXED ENTERPRISES - CORPORATIONS WITH SHARE CAPITAL OWNED JOINTLY WITH OTHER GOVERNMENTS AND/OR OTHER ORGANIZATIONS

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Canada Development Corporation	Suite 200 444 Yonge Street Toronto, Ontario M5B 2H4	Regional Industrial Expansion	1971, Canada Development Corporation Act	December 31	Thorne Riddell & Co.	To develop and maintain strong Canadian controlled and managed corporations in the private sector; to widen the investment opportunities open to Canadians; to operate profitably and in the best interest of all the shareholders.
Canarctic Shipping Company Limited	350 Sparks Street Suite 809 Ottawa, Ontario K1R 7S8	Transport	1975, Canada Corporations Act	December 31	Coopers & Lybrand	To acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.
Cooperative Energy Corporation	2000 Trans Canada Pipelines Tower 530-8 Avenue S.W. Calgary, Alta. T2P 3S8	Energy, Mines and Resources	1982, Cooperative Energy Act	December 31	Touche, Ross & Co.	To operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources.
Lower Churchill Development Corporation Limited	P.O. Box 9100 St. John's, Nfld. A1A 2X8	Energy, Mines and Resources	1978, Companies Act of Nfld.	December 31	Clarkson Gordon & Co.	To establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.
Mohawk St. Régis Lacrosse Ltd.	c/o Honeywell, Wotherspoon 500-90 Sparks Street Ottawa, Ontario K1P 5B4	Indian Affiars and Northern Development	1975, Business Corporations Act of Ontario	August 31	(inactive)	To acquire assets of an insolvent lacrosse stick manufacturing company located on St. Regis Reserve, Cornwall Island.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Nanisivik Mines Limited	Suite 401 44 Victoria Street Toronto, Ontario M5C 1Y2	Indian Affairs and Northern Development	1974, Companies Act of Alberta	March 31	Touche, Ross & Co.	To test the feasibility of mining lead and zinc in the Canadian Arctic, providing jobs for the Inuit and to have a Canadian presence in the Arctic.
Newfoundland and Labrador Development Corporation Limited	P.O. Box 8630 Station 'A' 138 Viking Road St. John's, Nfld. A1B 3T1	Regional Industrial Expansion	1973, Newfoundland Companies Act	March 31	Coopers & Lybrand	To assist small- and medium-sized businesses in Newfoundland and Labrador through loan and equity financing, management advisory services, and other related services.
North Portage Development Corporation	433 Portage Avenue Winnipeg, Manitoba R3B 2E1	Regional Industrial Expansion	The 1983 Manitoba Corporations Act	March 31	Coopers & Lybrand	To foster the social and economic development of the North Portage area in the core area of Winnipeg.
N.S. Holdco Ltd.	c/o Cox, Downie Goodfellow 800 Barrington Tower Scotia Square Halifax, N.S. B3J 3E1	Fisheries and Oceans	1983, Nova Scotia Companies Act	December 31	-	Holds shares in National Sea Products Ltd. and other assets arising from the restructuring of the Nova Scotia Fishery.
Société Inter-Port de Québec	Suite 802 1126, chemin St-Louis Place Sillery Sillery, Quebec G1S 1E5	Regional Industrial Expansion	1974, Special Act of the Government of Quebec	March 31	Poissant Richard, Thorne Riddell & Co.	To develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infra-structure.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Telesat Canada	333 River Road Vanier, Ontario K1L 8B9	Communications	1969, Telesat Canada Act	December 31	Peat, Marwick, Mitchell & Co.	To establish multi-purpose satellite telecommunication systems.
125459 Canada Ltd.	c/o Cox, Downie Goodfellow 800 Barrington Tower Scotia Square Halifax, N.S. B3J 3E1	Fisheries and Oceans	1983 Newfoundland Companies Act	December 31	-	Holds shares in Fishery Products International Ltd.

Notes

Under terms of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in the following corporations in lieu of a cash levy payable to the Crown:

Prestige Poultry Products Ltd.
Mount Nansen Mines Ltd.
Geoform Designs Inc.
Captain Scotts Fish & Chips (1978) Ltd.
Romfield Building Corporation Ltd.
Sixpro Inc.
International Hydrodynamics Co. Ltd.
Wilanour Resources Ltd.
Blake Resources
Totran Services Ltd.
House of Brougham Ltd.
Equity Capital Investments Ltd.

4.2 OTHER ENTITIES - ENTITIES WITHOUT SHARE CAPITAL FOR WHICH THE GOVERNMENT OF CANADA HAS A RIGHT TO APPOINT MEMBERS TO THE BOARDS OF DIRECTORS

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Agricultural Products Board	Room 937 Sir John Carling Bldg. Ottawa, Ontario K1A 0C5	Agriculture	1951, Agricultural Products Board Act	March 31	Auditor General of Canada	To buy, sell or import agricultural products. It may purchase and hold commodities for later sale, emergency relief in Canada or assistance programs abroad.
The Army Benevolent Fund	Veterans Affairs Bldg. 284 Wellington St. Ottawa, Ontario K1A 0P4	Veterans Affairs	1947, Army Benevolent Fund Act	March 31	Auditor General of Canada	To make grants of financial assistance on behalf of World War II army veterans, or their dependants, to relieve distress when such has arisen from unexpected contingencies.
Association for the Export of Canadian Books	300 Slater Street Room 378 Ottawa, Ontario K1A 0C8	Communications	1972, Canada Corporations Act	March 31	Robert B. Shortly	To assist in expanding the export of Canadian published books.
The Blue Water Bridge Authority	Bridge Street Point Edward, Ontario N7T 7H7	Transport	1964, Blue Water Bridge Authority Act	August 31	William J. Hipple	To hold, operate, maintain and repair the Canadian portion of the Blue Water Bridge which links Point Edward, Ontario, and Port Huron, Michigan, USA, across the St. Clair River.
Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children	Queen Elizabeth II Canadian Research Fund Jeanne Mance Bldg Tunney's Pasture Ottawa, Ontario K1A 0W9	National Health and Welfare*	1959, Queen Elizabeth II Canadian Research Fund Act	March 31	Auditor General of Canada	The furthering of research into the diseases of children and the prevention and cure of such diseases.

* The directors of the Board are "appointed by Her Majesty by Commission under the Great Seal".

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Canada Fitness Survey (99488 Canada Inc.)	506-294 Albert St. Ottawa, Ontario K1P 6E6	National Health and Welfare	1980, Canada Corporations Act	March 31	Deloitte, Haskins and Sells	To collect, interpret and disseminate information pertaining to the fitness levels of Canadians.
Canada Grains Council	Suite 760 360 Main Street Winnipeg, Manitoba R3C 3Z3	Regional Industrial Expansion; Agriculture	1969, Canada Corporations Act	March 31	Thorne, Riddell & Co.	To provide a forum in which Council members representing all facets of the grain industry could discuss mutual problems, study particular issues and provide advice to the government.
The Canadian Co-operative Implements Limited	770 Pandora Ave. E. Transcona, Winnipeg, Manitoba R2C 3N1	Agriculture	1940, Dominion Companies Act	October 31	Deloitte, Haskins & Sells	To carry on the business of manufacturing, production, distributing, importing, exporting, leasing, buying, selling (both at wholesale and retail) assembling, exchanging and dealing in implements, machinery equipment, tools, goods, wares and merchandise of every kind and description.
Canadian International Grains Institute	1000-303 Main St. Winnipeg, Manitoba R3C 3G7	External Affairs	1972, Canada Corporations Act	March 31	Deloitte, Haskins & Sells	To offer courses in grain technology and handling to influential foreign participants in the field to develop existing and potential markets abroad for Canadian grains and oilseeds.
Coaching Association of Canada	333 River Road B-10 Vanier, Ontario K1L 8H9	National Health and Welfare	1970, Canada Corporations Act	March 31	Clarkson, Gordon and Co.	To provide programs, services and publications to improve coaching effectiveness throughout Canada.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Footwear and Leather Institute of Canada	Suite 406 7575 Trans-Canada Highway St-Laurent, Quebec H4T 1V6	Regional Industrial Expansion	1976, Canada Corporations Act	March 31	Clarkson, Gordon & Co.	To assist the Canadian footwear manufacturing and tanning industries, especially the small- and medium-size firms, through provision of the expertise required to assist them in achieving their growth potential, and maintaining and improving their performance and viability through greater efficiency.
Forest Engineering Research Institute of Canada	143 Place Frontenac Pointe Claire, Que. H9R 4Z7	Environment	1974, Canada Corporations Act	December 31	Touche, Ross & Co.	To carry out research and development projects to demonstrate practical measures for increasing the efficiency of wood harvesting in Canada.
Fraser River Harbour Commission	Suite 505 713 Columbia Street New Westminster, B.C. V3M 1B2	Transport	1913, New Westminster Harbour Commissioners Act	December 31	Thorne, Riddell & Co.	To manage and control the harbour and the works and property therein under its jurisdiction.
The Hamilton Harbour Commissioners	605 James Street North Hamilton, Ontario L8L 1K1	Transport	1912, Hamilton Harbour Commissioners Act	December 31	Spicer, McGillivray & Co.	To regulate and control navigation and all works and operations within the harbour.
Hockey Canada Inc.	333 River Road B-10 Vanier, Ontario K1L 8H9	National Health and Welfare	1969, Canada Corporations Act	March 31	Clarkson, Gordon & Co.	To support national hockey teams to represent Canada in international competition and to support generally the playing of hockey in Canada.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
International Fisheries Commissions Pension Society	c/o Treasury Board of Canada Vanier Bldg. 222 Nepean Street Ottawa, Ontario K1A 0R5	Fisheries and Oceans	1957, Canada Corporations Act	September 30	Auditor General of Canada	To arrange for and administer the provision of pensions and insurance for the employees of any international fisheries commission, whose seat or headquarters is in any country established and maintained by Canada or the U.S., or both.
Lakehead Harbour Commission	P.O. Box 2266 Thunder Bay, Ontario P7B 5E8	Transport	1958, Lakehead Harbour Commissioners Act	December 31	Clarkson, Gordon & Co.	To manage and control the harbour and the works and property therein under its jurisdiction.
Last Post Fund	Suite 921 685 Cathcart St. Montreal, Qué. H3B 1M7	Veterans Affairs	1909, Federal Charter - 1921	March 31	Audit Services Bureau, Supply and Services	To give honourable sepulcher to any ex-service member who has served on an active basis in a branch of Her Majesty's Forces or Allied Forces during the South African War, World War I, World War II and the Korean War, who might at death be in destitute circumstances.
Medical Council of Canada	1867 Alta Vista Dr. P.O. Box 8234 Ottawa, Ontario K1G 3H7	National Health and Welfare	1912, Canada Medical Act	December 31	Thorne Riddell	To promote and effect the establishment of a qualification in medicine, such that the holders thereof shall be acceptable and empowered to practice in all the provinces of Canada.
Nanaimo Harbour Commission	P.O. Box 131 104 Front Street Nanaimo, B.C. V9R 5K4	Transport	1960, Harbour Commissions Act	December 31	Bestwick and Partners	To manage and control the harbour and the works and property therein under its jurisdiction.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
The Nature Trust of British Columbia	909-100 Park Royal South West, Vancouver, B.C. V7T 1A2	Consumer and Corporate Affairs	1971, Canada Corporations Act	December 31	Thorne Riddell & Co.	To purchase and preserve ecologically important parcels of land in B.C.
National Sport and Recreation Centre, Inc.	333 River Road Vanier, Ontario K1L 8H9	National Health and Welfare	1974, Canada Corporations Act	March 31	Peat, Marwick, Mitchell & Co.	To assist organizations concerned with the development of Canadian sport and recreation by providing support services in the area of administration and promotion.
North Fraser Harbour Commission	2020 Airport Road Richmond, B.C. V7B 1C6	Transport	1913, North Fraser Harbour Commissioners Act	December 31	Dunwoody & Co.	To manage and control the harbour and the works and property therein under its jurisdiction.
Oo-Za-We-Kwun Centre Inc.	c/o Frank E. Price and Associates Suite 105 62 Margrove Street Winnipeg, Manitoba R3C 1N1	Indian Affairs and Northern Development	1971, Manitoba Companies Act	March 31	(Inactive)	To provide training for Native people (inactive).
Oshawa Harbour Commission	1050 Farewell Ave. Oshawa, Ontario L1H 6N6	Transport	1961, Oshawa Harbour Commissions Act	December 31	K.R. Craven	To manage and control the harbour and the works and property therein under its jurisdiction.
PARTICIPaction (Sport Participation Corporation)	Suite 805 80 Richmond St. W. Toronto, Ontario M5H 2A4	National Health and Welfare	1971, Canada Corporations Act	March 31	Peat, Marwick, Mitchell and Co.	To inform Canadians about the positive benefits of physical fitness and to motivate them to adopt healthy, physically active lifestyles.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
POS Pilot Plant Corporation	118 Veterinary Rd. Saskatoon, Sask. S7K 2R4	External Affairs	1973, Canada Corporations Act	March 31	Peat, Marwick, Mitchell & Co.	To develop value-added technologies pertaining to Canadian cereal grains, oilseeds and legumes.
Port Alberni Harbour Commission	P.O. Box 99 2750 Harbour Road Port Alberni, B.C. V9Y 7M6	Transport	1947, Harbour Commissions Act	December 31	Newman Hill, Duncan & Lacoursière	To manage and control the harbour and the works and property therein under its jurisdiction.
Roosevelt Campobello International Park Commission	P.O. Box 9 Welshpool Campobello Island N.B. E0G 3H0	External Affairs	1964, The Senate of Canada, Bill S-26; 1964, U.S. Public Law 88-363	December 31	Brooks and Carter	To accept title to the former Roosevelt Estate on Campobello Island, N.B.; to restore the home to its condition when occupied by President Roosevelt; and to administer as a memorial the Roosevelt Campobello International Park.
Saint John Harbour Bridge Authority	P.O. Box 6176 Station A Saint John, N.B. E2L 4R6	Finance	1962, Statute passed by Province of N.B.	March 31	Touche, Ross & Co.	To construct a bridge across the Harbour of Saint John, and to enter into agreement with federal, provincial and municipal governments, persons or corporations respecting the financing and construction of such bridge.
Terry Fox Humanitarian Award Inc.	711-151 Sparks St. Ottawa, Ontario K1P 5E3	National Health and Welfare	1982, Canada Corporations Act	April 30	Touche, Ross & Co.	To encourage Canadian youth to seek high ideals as represented by Terry Fox by granting commemorative scholarships.
The Toronto Harbour Commissioners	60 Harbour Street Toronto, Ontario M5J 1B7	Transport	1911, Toronto Harbour Commissionners Act	March 31	Thorne, Riddell & Co.	To manage and control the harbour and the works and property therein under its jurisdiction.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
The Vanier Institute of the Family	Suite 207 151 Slater Street Ottawa, Ontario K1P 5H3	Prime Minister	1965, Canada Business Corporations Act	December 31	Coopers & Lybrand	To promote the spiritual and material well-being of Canadian families and to study their social, physical, mental, moral and financial environment and characteristics.
Western Grains Research Foundation	111 Sparks Street Ottawa, Ontario K1P 5BS	Agriculture	1981, Canada Corporations Act	December 31	G.A. Welch and Company	To help with improving the productivity and profitability of grains and oilseeds production in the prairie provinces.
Windsor Harbour Commission	500 Riverside Dr. West Windsor, Ontario N9A 5K6	Transport	1957, Windsor Harbour Commissioners Act	December 31	Peat, Marwick & Mitchell	To manage and control the harbour and the works and property therein under its jurisdiction.

4.3 INTERNATIONAL ORGANIZATIONS - ENTITIES CREATED PURSUANT TO INTERNATIONAL AGREEMENTS TO WHICH CANADA HAS A RIGHT TO APPOINT OR ELECT MEMBERS TO A GOVERNING BODY

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
African Development Bank	01 P.O. Box 1387 Abidjan 01 Côte d'Ivoire Africa	Secretary of State for External Affairs	1963, Agreement signed by member countries	December 31	Akintola Williams & Co.	To contribute to the acceleration of economic development of the member countries, individually and collectively.
African Development Fund	01 P.O. Box 1387 Abidjan 01 Côte d'Ivoire Africa	Secretary of State for External Affairs	1972, Agreement signed by member countries	December 31	Deloitte, Haskins & Sells	To assist the African Development Bank in making an increasingly effective contribution to the economic and social development of the Bank members.
Asian Development Bank	P.O. Box 789 Manila, The Philippines	Secretary of State for External Affairs	1965, Agreement signed by member countries	December 31	Deloitte, Haskins & Sells	To lend funds, promote investments and provide technical assistance to developing countries, and generally, to foster economic growth in the Asian Region.
Caribbean Development Bank	P.O. Box 408 Wildey, St. Michael Barbados	Secretary of State for External Affairs	1969, Agreement signed by member countries	December 31	Price, Waterhouse & Co.	To contribute to the harmonious economic growth and development of the member countries and integration among them, having special and urgent regard to the needs of the less developed members of the region.
Commonwealth War Graves Commission	2 Marlow Road Maidenhead, Berks. U.K. S16 7DX	Veterans Affairs	1917, Royal Charter	March 31	Deloitte, Haskins & Sells	To mark and maintain graves and memorials and keep records of the members of the Forces of the Commonwealth who died in the two World Wars. The cost is shared by the participating governments in proportion to the number of their war graves.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
Inter American Development Bank	808-17th St., N.W. Washington, D.C. U.S.A. 20577	Secretary of State for External Affairs	1959, Agreement signed by member countries	December 31	Price, Waterhouse & Co.	To contribute to the acceleration of the process of economic development of the member countries, individually and collectively.
International Bank for Reconstruction and Development	1818 H Street, N.W. Washington, D.C. U.S.A. 20433	Finance	1945, Bretton Woods Agreement Act	June 30	Price, Waterhouse & Co.	To assist in the reconstruction and development of territories of member countries.
International Boundary Commission	615 Booth Street Ottawa, Ontario K1A 0E9	External Affairs	1908, Treaty 1960, International Boundary Commission Act	March 31	Auditor General of Canada	To keep the boundary vista entirely free of obstruction and plainly marked for the proper enforcement of customs, immigration, fishing and other laws of Canada and the U.S. The Commission is concerned with fixed things on the boundary line or near it, not with movement across it.
International Development Association	1818 H Street, N.W. Washington, D.C. U.S.A. 20433	Finance	1960, Articles of Agreement; 1960, International Development Association Act	June 30	Price Waterhouse & Co.	To promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world.
International Finance Corporation	1818 H Street N.W. Washington, D.C. U.S.A. 20433	Finance	1956, Articles of Agreement; Vote 731, Appropriation Act No. 6, 1956	June 30	Price Waterhouse & Co.	To further economic development by encouraging the growth of productive enterprise in number countries, supplementing the activities of the International Bank for Reconstruction and Development.
International Fund for Agricultural Development	107 Via Del Serafico 00142 Rome, Italie	Secretary of State for External Affairs	1976, International Agreement	December 31	Price, Waterhouse & Co.	To mobilize additional resources to be made available on concessional terms for agricultural development in member states.

Name of Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Description of Mandate
International Joint Commission	100 Metcalfe St. Ottawa, Ontario K1P 5M1	Secretary of State for External Affairs	1909, Boundary Waters Treaty Act	March 31	Auditor General of Canada	To deal with the use, obstruction and diversion of boundary waters and rivers crossing the boundary between Canada and the U.S.
International Monetary Fund	700 19th St., N.W. Washington, D.C. 20431 U.S.A.	Minister of Finance	1945, Agreement Signed by Member Countries	April 30	External Audit Committee	Established to promote economic welfare by encouraging the expansion of trade, the maintenance of orderly exchange arrangements, and the reduction of balance of payments.